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# TOBACCO Situation

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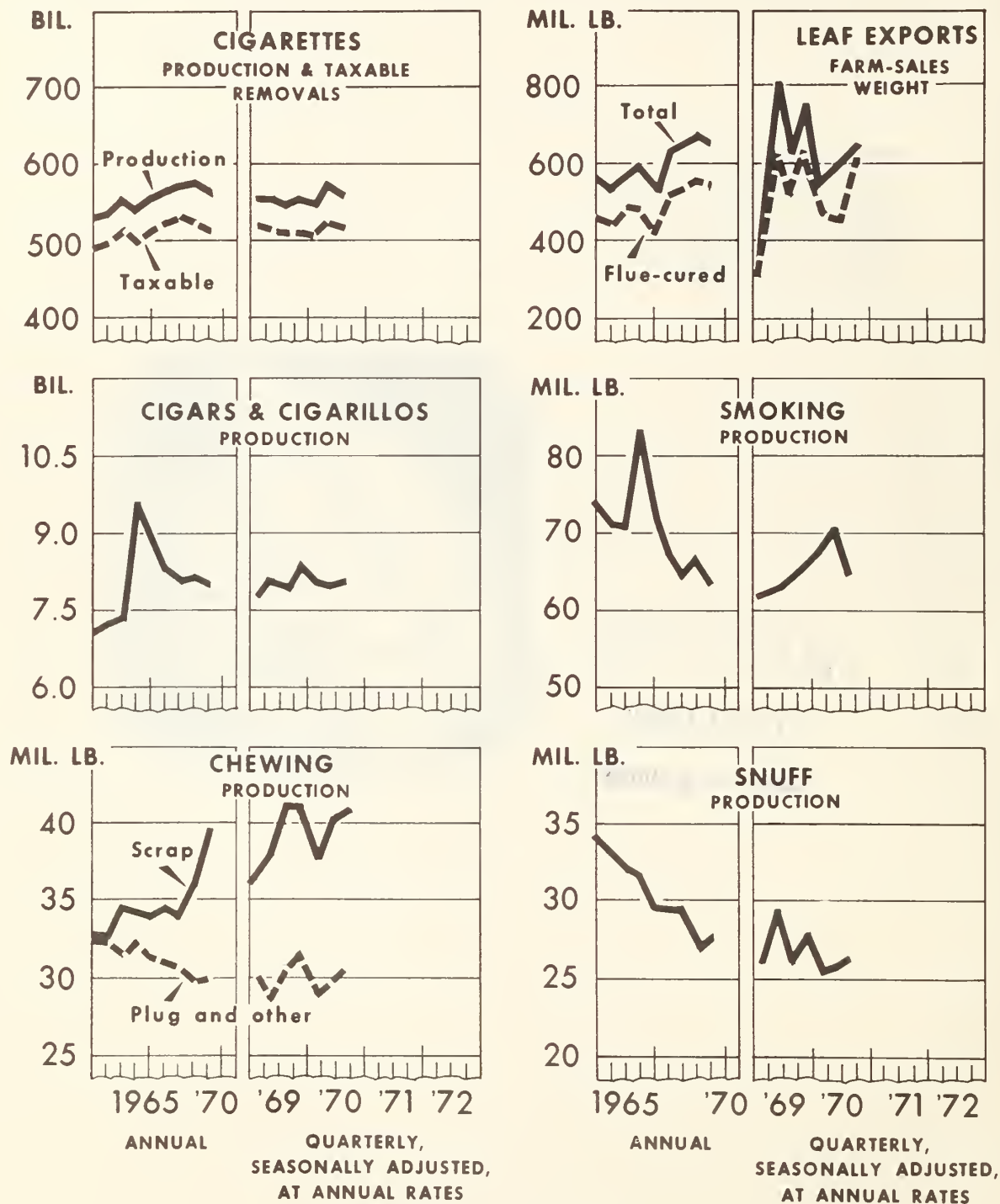
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# TOBACCO OUTLETS

## Recent Trends in Manufactured Products and Exports



# THE TOBACCO SITUATION

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## SUMMARY

A slightly larger tobacco crop is likely this year, but the smallest carryover since 1953 points to a 2 percent reduction in the total supply for 1970/71. While down for the sixth straight year, the estimated supply at 5.51 billion pounds continues heavy in relation to disappearance because of declining domestic use.

For this year's tobacco crop, including Puerto Rico, placed at 1.86 billion pounds, a 4 percent increase in expected yield over 1969 more than offsets a 2 percent decline in acreage. Beginning carryover of old-crop tobacco for this season (July 1 for flue-cured and cigar wrapper types; October 1 for others) is down about 4 percent.

Disappearance in 1970/71 may total near the estimated 1.95 billion pounds of the year just ending. Domestic use of U.S. tobacco may be about the same or slightly below 1969/70. Little change is expected in cigarette output, but the gradual downtrend in tobacco used per cigarette seems likely to continue. Exports may also be down slightly.

U.S. cigarette output this fiscal year is expected to about equal the 562 billion cigarettes produced in 1969/70. Consumer incomes have surged ahead, so the large increases in cigarette prices and the smoking-health publicity are not reducing cigarette use per person as much as last year. Based on taxable removals and shipments to overseas forces, consumption per person 18 and older in calendar year 1970 is averaging 1 percent below last year's 3,993 cigarettes.

Cigar consumption in 1970/71 probably will continue the recovery begun in the previous year. Use of smoking and chewing tobacco may be steady and snuff will likely decline further.

U.S. leaf exports this fiscal year may decline from last season's 572 million pounds (646 million, farm-sales weight). Many non-traditional foreign suppliers are increasing exports, and U.S. tobacco prices are up. Among major flue-cured exporters, Canada and India have smaller crops this season. Rhodesian tobacco continues to be held back from world trade by U.N. sanctions.

The United Kingdom, the major U.S. export destination, increased its takings in 1969/70. Prospects are less favorable this season, even though U.K. stocks of U.S. tobacco are relatively low. U.S. shipments to European Common Market countries fell back in the past 12 months, but based on indicated smaller crops in several exporting countries, EC takings could pick up this season.

U.S. cigarette tobacco imports in 1970/71 will likely continue around last season's 158 million pounds (leaf and scrap). U.S. manufacturers' stocks of imported cigarette types of tobacco last July 1 dropped 5 percent below a year earlier.

Last year, U.S. manufacturers used about 45 percent foreign-grown cigar filler and scrap in cigars. They may use more imported tobacco in 1970/71 because domestic supplies are smaller and prices higher.

The national marketing quota and acreage allotment for flue-cured tobacco for 1971 remain about the same as for this year. Individual farm quotas and allotments will reflect overmarketings and undermarketings in the current crop. Marketing quotas and acreage allotments for burley and other kinds of tobacco will be announced by next February 1. After that, growers of burley, Virginia sun-cured, Maryland, and Pennsylvania types will vote in referendums for or against quotas on their next 3 crops. Based on the formula required by law, 1971 price support levels for eligible tobaccos seem likely to increase about 4 percent over 1970.

The downtrend in U.S. flue-cured tobacco supply is continuing in 1970/71. The supply of flue-cured tobacco--the leading kind for cigarettes and exports--is estimated at 3,107 million pounds, down 1-1/2 percent from last year. The 1970 crop is currently indicated at 1,138 million pounds, up 8 percent. But the carryover into the current season was down 6 percent. During the past marketing year, exports gained slightly on a farm-sales weight basis, but domestic use declined 3.5 percent. Both are expected to decline slightly this season but still exceed production, so the carryover of flue-cured tobacco next July 1 could be reduced a little.

About 58 percent of the 1970 flue-cured tobacco crop had been marketed by September 18. Gross sales were 6 percent above the comparable period of 1969. Through that date, prices were at record levels, averaging 1 percent above a year earlier. Farmers had placed 65 million pounds of the 1970 crop under Government loan. This was 10 percent of marketings, a larger proportion than in the similar period of 1969.

The 1970/71 indicated supply of U.S. burley tobacco is about the same as a year earlier and 6 percent below the 1964/65 record. But the supply represents about 3-1/2 years' use. The supply-disappearance ratio is the highest in 7 years. The crop is about 7 percent smaller than last year reflecting the allotment cut. Yield prospects are for a 1 percent gain over last year's record. Carryover from 1969/70 is estimated up 3 percent. During the 1969/70 crop year (October-September) production exceeded estimated disappearance. Exports probably set a record high but domestic use dropped about 5 percent.

Combinations of reduced carryover and mostly lower 1970 production will result in smaller 1970/71 supplies of fire-cured, dark air-cured, Maryland, cigar filler, cigar binder, and cigar wrapper.



## TOBACCO PRODUCTS

Cigarette Production and Use Steadies

Output and consumption of cigarettes in calendar year 1970 likely will be a little above 1969. Even though retail prices are higher and intensive smoking-health publicity is continuing, there are more people of smoking age and consumer spending remains very large. On balance, total consumption by U.S. smokers may be up some 1 percent this year. But per capita use is continuing the downturn of the past 3 years. Cigarette exports are up substantially. With prospects for these factors to continue in 1971, plus the ban on radio and TV advertising after January 1, cigarette output and consumption will do well next year to match the 1970 total.

Cigarette consumption by U.S. smokers in the first half of 1970 was 268 billion, about the same as a year earlier. Both U.S. consumption (taxable removals) and shipments to overseas forces were fractionally higher. Despite the general economic slowdown, consumer disposable income in the first half rose and consumers accelerated their spending. In the second half of 1970, cigarette consumption will likely exceed the 261 billion of a year earlier. The rash of tax increases in the second half of 1969 and publicity about smoking-health legislation probably held down last year's consumption.

Cigarette output this year is estimated 2 percent above the 557 billion in 1969 (table 1). Exports, together with shipments to Puerto Rico and U.S. possessions, are expected to total well above last year.

Consumption per person (18 and older) this year is estimated about 1 percent below 1969 when 3,993 cigarettes (200 packs) were used (table 2). Last year per capita consumption fell 4.6 percent, the sharpest drop since 1955.

In the first 7 months of 1970, exports picked up after last year's decline. Shipments to Puerto Rico and U.S. possessions held about the same as a year earlier. Among leading destinations sizable gains occurred in shipments to Hong Kong, Spain, Netherlands Antilles, Panama, Colombia, and Switzerland (table 4). U.S. cigarettes were shipped to about 120 foreign countries and territories during 1969.

Table 4. --Cigarette exports from the United States to leading destinations, 1969-70

Country	July 1969- June 1970	January-July 1969 : 1970	
		1969	1/
		<u>Millions</u>	
Hong Kong	: 2,418	1,692	1,717
Spain	: 1,514	683	1,017
Kuwait	: 1,342	674	769
Netherlands	:		
Antilles	: 1,253	854	952
Paraguay	: 655	383	340
France	: 340	174	194
W. Germany	: 572	269	462
Italy	: 810	328	511
Ecuador	: 299	177	76
Panama	: 1,507	664	798
Canary Is.	: 1,832	328	517
Lebanon	: 611	316	309
Other	:		
countries	: 15,385	7,329	9,946
Total	: 28,538	13,871	17,608

1/ Subject to revision.

Cigarette Prices Increasing

Retail cigarette prices have continued to increase due to higher wholesale prices and State and local tax increases (table 3). Further gains in tobacco tax rates are likely next year.

Table 1.--Cigarettes: Output, removals, and consumption, 1960-70

Year	Output	Removals					Total U.S. consump- tion 3/
		Taxable	Tax-exempt			Overseas forces 2/	
			Total	Exports	Puerto Rico 1/		
<u>Billions</u>							
1960	506.9	470.1	37.0	20.2	2.5	14.3	484.4
1961	528.3	488.1	39.6	22.2	2.8	14.6	502.7
1962	535.5	494.5	41.1	24.1	3.1	13.9	508.4
1963	550.6	509.6	41.1	23.6	3.2	14.3	523.9
1964	539.9	497.4	42.6	25.1	3.7	13.8	511.2
1965	556.8	511.5	44.2	23.1	3.9	17.2	528.7
1966	567.3	522.5	46.1	23.5	3.9	18.7	541.2
1967	576.2	527.8	49.0	23.7	3.9	21.4	549.2
1968	579.5	523.0	53.8	26.5	4.7	22.7	545.7
1969	557.6	510.5	47.1	25.0	3.7	18.4	528.9
1970 2/	567.0	515.0	52.0	30.0	4.0	18.0	533.0
<u>Year ending June 30 --</u>							
1964	535.0	495.1	40.8	23.7	3.5	13.6	508.7
1965	562.4	517.0	43.9	25.1	3.7	15.1	532.1
1966	562.7	516.1	47.2	23.4	4.1	19.7	535.8
1967	572.8	524.9	47.7	23.8	3.7	20.2	545.1
1968	570.7	522.6	48.7	23.5	4.1	21.1	543.7
1969	573.0	520.3	51.5	25.8	4.4	21.3	541.6
1970 4/	562.2	511.7	51.0	28.6	3.8	18.6	530.3

1/ Also includes Virgin Islands, Guam, American Samoa, Wake, and Canton and Enderbury Islands.

2/ Also includes ship stores and small tax-exempt categories.

3/ Taxable removals plus overseas forces.

4/ Subject to revision.

5/ Estimated.

Compiled from reports of Internal Revenue Service and Bureau of the Census.



Table 2.--Consumption per capita of tobacco products in the United States (including overseas forces), average, 1925-59, annual, 1960-70

[illegible]

1/ Unstermed processing weight. 2/ Finished product weight. 3/ Estimated.

Table 3.--Tobacco demand factors, 1960-70

Year	Population, July 1 1/	Disposable personal income, per capita 2/		Consumer price indexes				
		Current prices	1958 prices	All items	Tobacco products	Cigarettes		Cigars regular size
						Nonfilter regular	Filtertip, King size 3/	
Million	----- Dollars -----	----- 1957-59=100 -----						
1960	116.1	1,937	1,883	103.1	107.1	107.6	106.9	104.7
1961	117.8	1,983	1,909	104.2	108.0	108.6	107.9	102.6
1962	119.2	2,064	1,968	105.4	108.8	109.7	108.9	100.0
1963	120.6	2,136	2,013	106.7	112.2	114.4	111.3	100.0
1964	121.9	2,280	2,123	108.1	114.8	118.1	113.2	100.3
1965	124.2	2,432	2,235	109.9	120.2	124.2	118.9	100.3
1966	126.3	2,599	2,331	113.1	126.1	130.8	124.9	101.8
1967	128.3	2,744	2,538	116.3	130.9	136.3	129.7	103.2
1968	130.4	2,939	2,480	121.2	139.7	144.5	138.5	104.7
1969	132.5	3,108	2,517	127.7	146.5	153.6	145.7	107.6
1970 4/	134.6	3,300	2,550	135.2	159.0	167.3	159.6	108.8

1/ 18 years and older including armed forces overseas. 2/ Based on total population. 3/ March 1959=100. 4/ Estimated.

Manufacturers increased wholesale cigarette prices in May 1970 and by July retail prices (filter-tip, king size) were 9.6 percent above a year earlier, and 4.3 percent above December 1969. A further rise is expected in the BLS cigarette index by the end of the year, reflecting State tax hikes and wider wholesale-retail margins.

All States now tax cigarettes. Pennsylvania's 18 cents per pack rate is the highest. A substantial number of city and local governments also tax cigarettes. The Federal cigarette tax has been 8 cents per pack since 1951.

Since the start of this year 7 States have increased cigarette tax rates. This compared with 20 States in all of 1969. The weighted average State cigarette tax was 10.4 cents per pack in mid-1970--up from 9.3 cents a year earlier (excluding North Carolina, where the tax became effective October 1, 1969).

#### Government Activity

As required by the Public Health Smoking Act of 1970, the ban on radio and TV advertising of cigarettes begins January 2, 1971. Also, the new warning label is required on cigarette packages beginning November 1, 1970. Reports to Congress from HEW on the health consequence of smoking and from FTC concerning cigarette labeling and advertising are required annually beginning January 1, 1971.

The Federal Trade Commission proposed in August to adopt a rule requiring a statement of tar and nicotine content of cigarette smoke in all cigarette advertising. A public hearing on the proposal is scheduled at FTC on October 15. Last year the FTC conducted hearings on a rule to require a health warning in cigarette advertising. But as a result of the legislation enacted by Congress, FTC did not take further action. Manufacturers have volunteered to comply without a hearing.

#### Lower Price Groups Lead Cigar Gain

The gain in cigar consumption from the 6-year low of 1969 may continue next year. This year U.S. smokers, including Armed Forces overseas, are expected to consume about 4 percent more cigars than the 8 billion they smoked last year (table 5).

An estimated 128 cigars and cigarillos this year are being consumed per male 18 and older, 2-1/2 percent above 1969 (table 2).

More cigars are being produced this year in both U.S. and Puerto Rican factories. Cigars from Puerto Rico account for about one-seventh of U.S. consumption. Details of taxable removals (domestic consumption) of cigars, by revenue class, through June of this year show the best gains for lower priced cigars:

Revenue class and retail price	Number	Change from 1968
	Bil.	Pct.
A-D (up to 8¢)	2.54	7.3
E (over 8 to 15¢)	1.05	-6.3
F-G (over 15¢)	.26	+3.6
Total removals	3.85	+3.0

About half of the lower price group (Classes A-D) are cigarillos (averaging less than half the weight of a full-size cigar). Last year's cigarillo sales were up substantially. Manufacturers have increased cigarillo advertising and promotion in recent years. The volume of medium priced cigars (Class E) has declined almost steadily since 1965.

Exports of cigars (less than 1 percent of output) have been about the same so far this year as last. During the first 7 months of 1970, Japan remained a leading destination though its takings declined. Other sizable destinations include Canada, the United Kingdom, Republic of South Africa, the Bahamas, Portugal, France, Switzerland, Panama, and Poland.

Table 5.--Cigars and smoking tobacco: Output, removals, and consumption

Year and item	U.S. factories			From			Total
	Removals			Puerto	Imports	Exports	U.S.
	Output	Taxable	Tax-	Rico:			consumption
			exempt	taxable:			<u>1/</u>
	<u>Millions</u>						
Large cigars and cigarillos							
1965	7,899	7,577	180	911	25	55	8,638
1966	7,165	7,076	193	1,075	25	73	8,296
1967	6,857	6,845	197	1,099	30	76	8,095
1968	7,183	6,759	169	1,036	48	66	7,946
1969	6,931	6,739	169	1,080	45	65	7,968
1970 <u>3/</u>	7,100	6,890	170	1,250	50	60	8,300
	<u>Year ending June 30 --</u>						
1965	8,445	7,912	176	850	25	45	8,918
1966	7,517	7,332	210	1,034	25	70	8,531
1967	6,883	6,864	183	1,072	26	74	8,071
1968	7,234	6,868	192	1,114	38	77	8,135
1969	6,868	6,633	156	987	46	62	7,760
1970 <u>2/</u>	7,098	6,755	165	1,186	47	58	8,095
	<u>Million pounds</u>						
Smoking tobacco <u>4/</u>							
1965	71.8	67.3	3.0	---	2.1	1.0	71.4
1966	67.3	65.3	1.5	---	3.3	.9	69.2
1967	64.8	62.7	2.0	---	3.7	1.3	67.1
1968	66.3	64.1	1.9	---	5.5	1.8	69.7
1969	63.9	62.6	1.6	---	5.7	1.1	68.8
1970 <u>3/</u>	67.5	66.0	1.5	---	7.4	.9	74.0
	<u>Year ending June 30 --</u>						
1965	74.1	71.4	3.0	---	2.5	1.1	75.8
1966	69.8	65.4	2.4	---	2.8	1.0	69.6
1967	64.3	62.3	1.8	---	3.2	1.1	66.2
1968	66.9	64.6	1.9	---	4.6	1.3	69.8
1969	63.7	62.5	1.7	---	5.3	1.8	67.7
1970 <u>2/</u>	67.2	64.2	1.6	---	7.0	.9	71.9

1/ Total removals (or sales) from U.S. factories plus those from Puerto Rico, and imports, minus exports. 2/ Subject to revision. 3/ Estimated. 4/ After December 1965, taxable removals data replaced by domestic sales, and tax-exempt removals data replaced by export sales.

Compiled from reports of the IRS, Bureau of the Census, and C&MS, USDA.

Little cigars (cigarette-size, not over 3 pounds per thousand) have posted sizable gains in the past 2 years. Taxable removals in 1970 are likely to exceed by 200 million the 1969 total of 731 million. Little cigars sell in the same general price range as cigarettes.

#### Smoking Tobacco Sales Recovering

Production of smoking tobacco for pipes and roll-your-own cigarettes this year is expected to total about 6 percent above the 64 million pounds of last year (table 5). The long-term trend has been downward, but output has been rising since mid-1969. Little change is expected for 1971. Exports are only a small outlet for U.S. smoking tobacco in packages, and for January-July 1970, they were below a year earlier.

Imports are mostly from the Netherlands, but sizable shipments come from Denmark, Sweden, and the United Kingdom. They have increased in recent years and this year may set another high. They now account for about 10 percent of U.S. smoking tobacco consumption.

In the first half of this year, domestic use of smoking tobacco, including imports, totaled 36 million pounds, 6 percent above a year earlier. Both pipe and cigarette cut tobacco contributed to the gain. Wholesale prices averaged 1 percent above year-ago levels. The gain in smoking tobacco use is associated with the slower pace of cigarette consumption. This year, U.S. smoking tobacco consumption may total about 7 percent above the 69 million pounds used last year.

#### Bulk Tobacco Exports

Exports of tobacco in bulk have trended upward for several years due to the growing popularity overseas of American-type blended cigarettes. These exports consist primarily of specially prepared cigarette leaf and cut or shredded tobacco from U.S. and foreign-grown sources. But this year they may not gain much above the 20 million pounds in 1969. As foreign

markets produce more cigarettes they can more efficiently set up their own leaf processing facilities.

In the first 7 months of 1970 exports of tobacco in bulk were 10.2 million pounds compared with 9.9 million a year earlier. Among the leading export destinations, increased exports so far in 1970 have gone to the Netherlands and Australia. The Dominican Republic and Italy have taken less.

#### Chewing Tobacco Output May Gain

Production of chewing tobacco in 1970 may be about 2 percent above the 70 million pounds of 1969 (table 6). Per capita use is steady. Scrap and fine-cut tobacco are accounting for the gain while plug and twist output may be down slightly. Scrap chewing tobacco uses substantial quantities of Wisconsin binder and Pennsylvania filler. Plug chewing uses mainly dark air-cured and burley.

Last year, scrap chewing made a big gain in output. In contrast, during 1960-68 output of chewing tobacco remained fairly stable as small increases in scrap and fine-cut chewing about offset decreases in plug and twist.

Most chewing tobacco is consumed domestically. Exports declined almost steadily in the past decade to 33,000 pounds by 1969. In the first 7 months of 1970 they rebounded to 49,000 pounds.

#### Snuff Output Lower

Production of snuff is estimated about 6 percent less than in 1969 and almost one-third below a decade ago. Snuff output was relatively stable prior to 1956, but has since trended downward. The downtrend is expected to continue. Virtually all U.S. snuff output is consumed domestically. Snuff is the principal domestic output for the fire-cured types.



Table 6.--Chewing tobacco, snuff, and small cigars:  
Output for specified periods

Period	Chewing tobacco					Snuff	Small cigars <u>1/</u>
	Plug	Twist	Fine-cut	Scrap	Total		
	:	:	:	:	:	:	:
	<u>Million pounds</u>						<u>Millions</u>
1963	24.9	2.9	3.3	34.2	65.4	31.8	281.4
1964	25.9	2.8	3.5	34.0	66.2	31.4	973.9
1965	24.7	2.8	3.7	33.9	65.1	29.7	440.7
1966	24.3	2.7	3.9	34.3	65.2	29.5	445.3
1967	23.7	2.6	4.1	34.0	64.4	29.3	434.2
1968	22.9	2.6	4.3	35.7	65.4	27.1	523.3
1969	23.3	2.4	4.5	39.4	69.8	27.6	720.2
1970 <u>3/</u>	23.0	2.4	4.6	41.0	71.0	26.0	950.0
	<u>Year ending June 30--</u>						
1964	25.9	2.8	3.4	34.2	66.3	31.9	913.2
1965	25.1	2.8	3.6	33.4	64.9	30.3	437.7
1966	24.5	2.9	3.8	34.2	65.4	30.0	474.7
1967	24.2	2.6	4.0	34.2	65.0	29.1	420.6
1968	23.2	2.6	4.2	34.7	64.7	28.6	462.1
1969	22.8	2.5	4.0	36.9	66.2	27.2	631.6
1970 <u>2/</u>	23.0	2.4	4.9	40.1	70.4	26.3	870.8

1/ Weigh not more than 3 pounds per thousand (about cigarette size).

2/ Subject to revision.

3/ Estimated.

Basic data compiled from reports of the Internal Revenue Service and Consumer and Marketing Service, USDA.



## FOREIGN TRADE

## U.S. EXPORTS AND IMPORTS

Leaf Exports Losing Momentum

U.S. exports of unmanufactured tobacco during January-July were 6 percent below last year's level and 15 percent below the same period 2 years ago. During the rest of 1970 they will do well to equal those of the year-earlier period. Leaf exports this calendar year may total slightly below the 577 million pounds (657 million farm-sales weight) of 1969. But they may still be about 10 percent above the 1961-65 average (before Rhodesia's independence and U.N. embargo).

Last year the U.S. dock strike held down exports but this year large foreign supplies and rising U.S. export prices still stymie our exports. P.L. 480 shipments were down substantially in first half 1970, but they are expected to pick up in the second half.

For January-July 1970 a decline in exports of flue-cured--the principal export class--accounted for most of the shortfall in U.S. leaf tobacco exports (table 7). Burley shipments were also lower but more Maryland, fire-cured, dark air-cured, and stems were exported. Exports of cigar types were about half of last year's.

Sizable gains in takings by Japan, Sweden, Switzerland, and Ireland failed to offset a January-July decline in exports to the United Kingdom and West Germany, the 2 largest importers of U.S. tobacco. Shipments to Belgium, Italy, and Thailand also declined. This year's exports to the United Kingdom market were held down as U.K. manufacturers continued to seek tobaccos costing less than U.S. leaf. During January-June the United Kingdom imported 12 million pounds of South Korean tobacco valued at 34 cents per

pound compared with 45 million pounds of U.S. leaf worth \$1.10 per pound.

1969/70 Highlights

In the year ended June 30, 1970, the export quantity was the same as in 1968/69, but higher prices boosted the value 6.5 percent to \$540 million. The farm-sales weight of 646 million pounds was 1.7 percent higher, reflecting a greater proportion of the exports in stemmed form.

Exports to West Germany fell back after rebounding in 1968/69. Several destinations in Southeast Asia took larger shipments. The United Kingdom--long the principal U.S. leaf export market--increased takings slightly but took less than 2 years ago.

Last fiscal year both barter and export credit sales set new records as USDA shifted the export emphasis away from P.L. 480 sales. There were 129 million pounds of tobacco bartered for materials and services used by U.S. agencies overseas. These transactions are considered equivalent to dollar sales. About two-thirds of barter exports went to Western Europe, one-fourth to the Far East and Pacific countries, and the remainder to other areas. Last year CCC provided credit on 48 million pounds of commercial exports. Most financing is for 12 months, although financing up to 36 months is authorized.

U.S. tobacco exports under Government-financed programs (Public Law 480) in 1969/70 slumped to 15 million pounds, valued at \$16 million (table 8). The quantity exported was down 11 million pounds from a year earlier. There were no sales to Taiwan and Colombia. The 2 leading destinations in fiscal 1969, Vietnam and the Philippines, took considerably less.

Table 7.--United States exports of unmanufactured tobacco by types and to principal importing countries for specified periods

Country and type	(Declared weight)						
	Year ending June 30				January-July		
	Average 1963-67	1968	1969 1/	1970 1/	1969 1/	1970 1/	1970 as a percentage of 1969
	Million pounds				Percent		
Flue-cured	399.4	427.4	417.7	414.1	190.8	168.3	88
Burley	47.4	38.0	47.7	52.6	28.6	25.8	90
Maryland	11.7	12.4	14.7	10.4	5.9	6.9	117
Fire- and sun-cured	24.4	23.9	24.9	27.4	11.3	12.7	112
Green River	.7	.6	.4	.3	.4	.3	75
One Sucker	.7	.6	1.0	.6	.2	.3	150
Black Fat, etc.	3.8	3.1	1.8	2.1	.5	1.5	300
Cigar wrapper	4.4	4.4	3.5	1.7	1.5	1.0	67
Cigar binder	1.8	2.2	.8	.6	.4	.1	25
Cigar filler	.8	.7	.8	.4	.4	.2	50
Perique	.3	.2	.2	.2	.1	.1	100
Stems, trimmings, and scrap	22.1	51.4	58.1	60.5	19.9	27.9	140
Total	517.6	564.7	571.5	571.0	259.9	245.0	94
Country of destination							
United Kingdom	122.9	152.7	124.8	130.8	36.2	33.9	94
France	6.5	5.9	8.1	8.8	3.9	4.2	108
Belgium	17.7	19.1	18.6	13.7	11.0	5.5	50
Netherlands	33.7	39.6	39.8	31.6	18.6	15.2	82
West Germany	91.1	84.2	109.2	90.3	67.4	55.0	82
Portugal	5.5	6.9	6.2	4.4	5.1	3.1	61
Denmark	15.1	17.6	18.8	20.6	10.7	11.0	103
Ireland	15.1	13.2	13.1	12.0	4.2	6.2	148
Switzerland	15.0	19.3	26.7	29.0	12.3	16.9	137
Finland	6.6	5.0	5.9	4.4	3.4	1.5	44
Norway	7.5	10.7	6.1	9.1	3.6	4.8	133
Sweden	16.5	16.5	13.7	18.1	2.2	7.1	323
Italy	8.3	7.5	7.3	19.5	6.0	2.8	47
Spain	3.4	4.7	4.8	3.2	3.9	3.0	77
Thailand	13.2	19.6	26.5	21.8	12.0	4.9	41
S. Vietnam	8.8	10.8	14.2	8.2	7.5	6.0	80
Malaysia 2/	6.5	9.9	11.8	11.6	5.9	6.9	117
Hong Kong	6.7	6.0	4.8	4.5	2.0	2.2	110
Japan	33.1	36.0	38.3	45.4	2.5	7.0	280
Australia	17.5	12.4	16.9	18.4	5.8	4.1	71
New Zealand	3.9	4.7	4.3	3.8	1.0	2.7	270
Egypt	12.4	.7	.9	2.3	1.4	.1	7
Other countries	50.6	61.7	50.7	59.5	33.3	40.9	123
Total	517.6	564.7	571.5	571.0	259.9	245.0	94

1/ Preliminary.

2/ Malaysia and Singapore.

Detail may not add to total due to rounding.

Compiled from publications and records of the Bureau of the Census.

Table 8.--Exports of unmanufactured tobacco under Government-financed programs and commercial sales, fiscal years, 1955-59 average, 1960-70 annual

Year ending June 30	Government-financed exports				Commercial exports				Total unmanu- factured tobacco exports
	Title I, P.L. 480		Mutual Security and A.I.D.	Total	Barter 1/	Dollar sales		Total	
	Foreign currency sales	Long-term dollar credit sales				CCC short term credit	Other		
Quantity (export weight)									
Million pounds									
Average: 1955-59	42.4	---	6.4	48.8	0.4	---	447.9	448.3	497.1
1960	41.9	---	23.2	65.1	29.4	---	362.1	391.5	456.6
1961	40.2	---	20.0	60.2	40.4	---	403.6	444.0	504.2
1962	26.1	---	2.8	28.9	77.4	---	413.7	491.1	520.0
1963	28.7	1.2	---	29.9	18.1	---	425.3	443.4	473.3
1964	35.5	3.8	.6	39.9	15.4	1.0	475.8	492.2	532.1
1965	21.2	4.5	5.1	30.8	18.8	.3	434.1	453.2	484.0
1966	43.2	1.3	5.8	50.3	76.9	---	345.0	421.9	472.2
1967	21.1	5.5	3.0	29.6	106.3	17.9	472.8	597.0	626.6
1968	22.9	10.9	.6	34.4	82.0	16.6	431.7	530.3	564.7
1969	19.9	16.9	.1	36.9	90.5	12.4	431.7	534.6	571.5
1970 2/	8.2	7.0	---	15.2	129.6	48.1	378.1	555.8	571.0
Value									
Million dollars									
Average: 1955-59	30.4	---	3.3	33.7	.3	---	309.8	310.1	343.8
1960	30.8	---	18.4	49.2	19.6	---	273.1	292.7	341.9
1961	29.4	---	16.5	45.9	25.1	---	314.2	339.3	385.2
1962	19.6	---	1.8	21.4	46.3	---	339.8	386.1	407.5
1963	22.5	1.6	---	24.1	12.4	---	341.9	354.3	378.4
1964	23.8	2.9	.8	27.5	8.5	0.7	384.0	393.2	420.7
1965	14.9	4.6	2.8	22.3	13.1	.2	359.7	373.0	395.3
1966	29.9	.7	4.4	35.2	54.9	---	304.6	359.5	394.7
1967	15.6	4.0	2.4	22.0	84.6	15.9	382.8	483.3	505.3
1968	21.4	8.7	.6	30.7	75.3	14.1	373.6	463.0	493.7
1969	16.8	15.3	.1	32.2	91.5	11.7	371.5	474.7	506.9
1970 2/	9.5	6.2	---	15.7	137.8	47.7	338.4	523.9	539.6

1/ Government-financed for strategic materials, 1958-62.

2/ Preliminary.

Most exports for foreign currency last year went to South Vietnam. The Philippines and the Congo took the largest quantity of long-term dollar credit. The P.L. 480 program shifts entirely to a dollar basis by the end of 1971.

Tobacco: Government program exports to leading destinations, fiscal years 1969, 1970

Country	1968-1969	1969-1970
<u>Million pounds</u>		
<u>Foreign currency sales</u>		
Vietnam	14.2	6.4
Indonesia	---	.8
Pakistan	---	.6
Tunisia	.5	.5
<u>Dollar credit</u>		
Philippines	4.8	2.8
Congo	2.5	1.6
Ecuador	---	1.0
Chile	1.2	.9
<u>Barter</u>		
United Kingdom	27.1	24.8
Japan	8.0	14.8
West Germany	12.2	11.0
Taiwan	1.1	9.4
Denmark	.9	8.4
Italy	1.0	7.6
Malaysia	6.8	6.8
Ireland	2.6	5.9
Norway	---	4.8
Spain	6.0	4.4

### Export Prospects

For the year ending next June 30, U.S. leaf tobacco exports may decline a little from the 572 million pounds (export weight) of 1969/70. Hindering U.S. exports are substantial overseas supplies of foreign-grown tobacco often cheaper priced, technological changes in foreign manufacturing production methods, which cut down on tobacco requirements, continued tobacco-

health controversy, and rising U.S. tobacco prices.

If the economic sanctions against Rhodesia persist, and present U.S. export payments continue, U.S. tobacco exports will be higher than they otherwise would be. The high quality of U.S. leaf is a favorable factor in foreign trade although many countries are producing more tobacco locally, or importing more of their requirements from lower cost production areas. Stocks of U.S. tobaccos are still at relatively low levels in the United Kingdom and West Germany. Thus, exports will likely hold above the 1963-67 average, but short of last year's level.

Economic activity abroad is relatively high and world cigarette consumption continues to increase. But technological changes in manufacturing and the trend toward filter cigarettes mean that leaf requirement does not increase proportionately with cigarette consumption.

Over the next few years, as the EC's Common Agricultural Policy for tobacco is implemented, the European Community is expected to move progressively toward a less favorable policy for U.S. tobacco imports. Discussions began in July on the U.K. entry to the EC. The United States favors a long transition so these political changes will have a minimum effect on demand for tobacco.

### U.S. Tobacco Imports Continue Large

U.S. tobacco imports for consumption (factory use of imports) during January-July 1970 were 126 million pounds, compared with 122 million of a year earlier (table 9). Most of the gain was in cigar scrap tobacco. Imports of cigarette tobaccos were up only 1 million pounds. But in the cigarette tobacco group, the lower value scrap gained at the expense of the more costly leaf.

For 1970, factory use of imported unmanufactured tobacco probably will total around the



Table 9.--U.S. imports of unmanufactured tobacco for consumption and general, principal categories, and countries of origin, fiscal year, and January-July 1969/70 1/

(Declared weight)								
Classification and country of origin	Imports for consumption				General imports (arrivals)			
	Year, July-June: 1970	January-July			Year, July-June: 1970	January-July		
		1969	1970	:1970 as a percentage: of 1969		1969	1970	:1970 as a percentage: of 1969
Million pounds	Percent		Million pounds	Percent				
Cigarette tobacco:								
Leaf, unstemmed								
Oriental								
Turkey	: 85.5	55.1	51.4	93	69.6	73.4	63.0	86
Greece	: 28.9	17.4	17.1	98	21.2	25.4	15.6	61
Yugoslavia	: 14.7	8.7	9.4	108	17.2	16.9	16.6	98
Other countries	: 12.2	2.8	3.7	132	15.8	6.4	10.7	167
Flue-cured and burley	: 3.7	3.3	4.4	133	16.8	9.5	12.2	128
Sub total	: 145.0	87.3	85.9	98	140.2	131.5	118.0	90
Scrap								
Turkey	: 10.4	3.9	6.5	167	8.1	4.2	.5	12
Other countries 2/	: 2.6	2.2	2.0	91	3.6	1.7	1.7	100
Total cigarette tobacco	: 158.0	93.4	94.4	101	151.9	137.4	120.2	87
Cigar tobacco:								
Wrapper	: .1	.4	.5	125	1.2	.7	1.2	171
Filler--stemmed and unstemmed								
Dominican Rep.	: 1.1	.5	.8	160	9.1	4.1	5.7	139
Other countries	: 4.7	2.3	2.6	113	34.2	20.1	19.7	98
Sub total	: 5.8	2.8	3.4	121	43.3	24.2	25.4	105
Scrap								
Philippine Rep.	: 22.3	13.5	12.8	95	17.5	13.0	9.2	71
Colombia	: 5.0	2.6	2.7	104	.2	.4	0	---
Dominican Rep.	: 6.1	3.2	4.0	125	1.0	.5	.8	160
Brazil	: 3.9	2.0	2.3	115	.3	.1	.2	200
Other countries	: 8.6	3.5	6.0	171	5.3	1.6	3.5	219
Sub total	: 45.9	24.8	27.8	112	24.3	15.6	13.7	88
Total cigar tobacco	: 51.8	28.0	31.8	114	68.9	40.4	40.3	100
Stems	: .4	1.0	.1	10	.1	1.0	3/	---
Grand total	: 210.1	122.3	126.3	103	220.9	178.9	160.6	90

1/ Preliminary.2/ Canada, Greece, Cyprus, Lebanon, India, Korea.3/ Less than 50,000 pounds.

Detail may not add to total due to rounding.

Compiled from publications and records of the Bureau of the Census.



210 million pounds of last year, and the record 221-1/2 million in 1968. There are large stocks of foreign leaf in the United States, and substantial supplies remain available overseas at prices competitive with U.S. tobaccos.

The United States, the world's largest producer and exporter of tobacco, is the third largest importer (after the United Kingdom and West Germany). Imported tobacco is mainly for blending with domestic types in the manufacture of cigarettes and cigars. For the past 3 years cigarette manufacturers used about 14 percent imported tobacco (farm-sales weight) in their blends while cigar manufacturers used about 45 percent.

Practically all U.S. cigarette leaf tobacco imports are dutiable at the rate of 12 cents per pound. This was equivalent to 18 percent ad valorem on 1969/70 imports. Except for lower duties on some Philippine entries, scrap tobacco is dutiable at 16.1 cents per pound.

January-July 1970 general imports of tobacco (total arrivals: Direct entries, including intransit shipments, plus those placed in bonded warehouses) were 161 million pounds, 10 percent below the comparatively high figure of a year earlier. Cigarette tobacco accounted for most of the decline.

Stocks of foreign-grown cigarette and smoking tobacco in the United States on July 1, 1970, totaled 428 million pounds (farm-sales weight). This was 5 percent below the year-earlier record.

#### 1969/70 Import Summary

U.S. unmanufactured tobacco imports declined 1 million pounds in the year ended June 30, 1970, and average value per pound declined 1 cent (table 10). The sharpest decline in imports for consumption was in cigarette leaf from Turkey. Greece was also lower, while other

countries supplied more. The increase in volume of low-value scrap also reduced the combined value. Imports of cigar scrap increased to surpass the previous record high of 1964/65. The largest gain during 1969/70 was from Paraguay.

Oriental leaf arrivals were down sharply as manufacturers reduced their U.S. holdings. Most of the decline was in arrivals from Turkey. Flue-cured, burley leaf, and cigar filler gained further.

### FOREIGN PRODUCTION AND SALES

World production of cigarettes gained 2 percent last year over 1968, as population and incomes rose. Another gain is expected this year, but international trade in tobacco is not increasing accordingly because of rising local production in many areas and manufacturing changes to economize on leaf use.

Since 1965, world tobacco trade has shifted due to U.N. sanctions against Rhodesia. To fill the gap left by Rhodesia, many foreign suppliers are increasing tobacco production and actively competing for a larger share of world markets.

Most foreign-grown tobacco cannot match the high quality of U.S. leaf. But with low land costs and inexpensive labor, many countries can produce tobacco and export it for about half the level of U.S. prices. The 2 largest tobacco import markets are the United Kingdom and the EC; the United States has special competition in each area. Commonwealth countries face lower duties on their U.K. shipments than those from the United States. In the case of EC, certain countries enjoy duty-free access.

#### Flue-cured Production Falters

Harvest of foreign flue-cured tobaccos during the first half of 1970 is estimated down 7

Table 10.--U.S. imports of unmanufactured tobacco: Quantity and average value, by kinds, 1969/70

Kind	Quantity		Value per pound	
	1969/70	Change	1969/70	Change
		from		from
	1968/69	1968/69	1968/69	1968/69
	-- <u>Million pounds</u> --		--- <u>Cents</u> ---	
	Imports for consumption			
Cigarette				
leaf	145.0	-5.9	66.5	-0.6
Scrap (oriental) <u>1/</u>	13.0	+2.9	12.9	-2.4
Cigar				
leaf	5.9	-.1	158.8	+9.6
Scrap	45.9	+4.1	43.7	+2
Total <u>2/</u>	210.1	-.7	60.7	-1.0
	General imports			
Cigarette				
Oriental leaf	123.4	-32.6	60.6	-2.8
Flue-cured and burley leaf	16.8	+6.7	37.4	+7.3
Scrap (oriental) <u>1/</u>	11.7	-6.7	9.7	-.4
Cigar				
Wrapper	1.2	0	373.1	-18.0
Filler	43.3	+12.2	36.9	-1.5
Scrap	24.3	-3.3	30.3	-3.1
Total <u>2/</u>	220.9	-25.3	50.3	-2.4

1/ Turkey, Canada, Greece, Cyprus, Lebanon, India, and Korea. 2/ Includes stems.

Table 11.--U.S. tobacco allotments, by kinds of tobacco, 1970

Kinds <u>1/</u>	Allotments	Acreage allotted	Average size of allotment
	Number	----- Acres -----	
Flue-cured (11-14) <u>2/</u>	193,925	577,723	2.98
Burley (31)	282,115	230,947	.82
Va. fire-cured (21)	6,169	11,672	1.89
Ky.-Tenn. fire-cured (22-23)	16,205	27,144	1.68
Dark air-cured (35-36)	21,667	11,373	.52
Va. sun-cured (37)	1,227	2,357	1.92
Cigar binder (51-52) <u>3/</u>	709	6,467	9.12
Cigar filler and binder (42-44, 53-55)	5,937	18,990	3.20
Total	527,954	4/886,671	1.68

1/ Type number in parentheses. 2/ Flue-cured is acreage-poundage with base quota of 1,071 million pounds and a national average yield goal of 1,854 pounds per acre. 3/ Quotas terminated.

4/ Based on unrounded data.

percent from the 940 million pounds in 1969. Because of decreased plantings and lower yields, India's harvest of around 170 million pounds was the smallest in 9 years. Harvests were affected by dry weather in central Africa. The Rhodesian crop was smaller than last year, but the Zambia crop was about the same size and Malawi's crop was larger.

The 1970 Rhodesian flue-cured crop was sold at secret auctions this spring with a guaranteed average grower return equivalent to 29 U.S. cents per pound. The output fell short of the crop target of 132 million pounds. For the 1971 flue-cured crop, the production goal and the price guarantee are the same as for 1970, after the government withdrew a cut in the goal and guarantee.

The 1970 flue-cured crop in Canada may total about one-fourth below last year. In Ontario, where most of the crop is grown, the marketing board expects the crop to reach the target of 178 million pounds. Large-scale tobacco farming is common in Ontario where an estimated two-thirds of the farms have harvest-aid machines and tying machines.

#### 1970 Output Higher in Greece and Turkey

Oriental tobacco--a light cigarette tobacco--ranks second in international trade to flue-cured. Greece and Turkey are the principal producers and exporters. The crops are normally available for export 2 years after production. This year's oriental crop in Greece may be larger than last year, and Turkey's about the same. In Turkey 1969 acreage was cut back because of unsold stocks and Greece had unfavorable weather.

The 1970 production targets in Greece are 204 million pounds for oriental leaf and 29 million for burley. The National Tobacco Board of Greece has abolished the 4-acre limitation

per grower and is encouraging growers to raise varieties in highest demand.

#### 1970 Trade by Major Exports

Canada exported 17 million pounds of flue-cured tobacco in January-May 1970--7-1/2 million less than a year earlier. About 88 percent was shipped to the United Kingdom.

India's flue-cured exports of 30 million pounds in January-April 1970 were down 6 million from a year earlier reflecting the smaller 1969 crop. Most of the decline was accounted by lower shipments to the United Kingdom, India's chief market. Also receiving less this year were Japan and Russia. France and Ireland took more than last year. India's flue-cured tobacco exports averaged 58 cents per pound last year.

In Turkey, unmanufactured tobacco exports in January-April 1970 were 83 million pounds--19 million more than a year earlier. This was mainly because of larger consignments to the United States and to EC countries. Turkey devalued its currency in August as a means of reducing the cost of its exports of which tobacco is a major item. Large stocks of tobacco have been a problem for some time.

In Greece unmanufactured tobacco exports in January-June 1970 (from the smaller 1968 crop and prior crops) at 62 million pounds were 9 million less than a year earlier. Most other markets took about the same as in 1969. Shipments to the United States were down sharply and only in part offset by larger takings by Russia.

In Greece unmanufactured exports in January-June 1970 (from the smaller 1968 crop and prior crops) at 62 million pounds were 9 million less than a year earlier. Most other markets took about the same as in 1969. Shipments to the United States were down sharply and only in part offset by larger takings by Russia.

British Tobacco Situation

The United Kingdom is the largest market for U.S. tobacco, accounting for about one-fourth of all U.S. exports of unmanufactured tobacco. The United Kingdom raises no tobacco and imports mostly flue-cured, used for cigarette manufacture. The U.K.'s trade has been affected for several years by extremely high duties that cigarette companies pay when they withdraw tobacco for manufacture (table 11). So to hold costs down, manufacturers have introduced shorter length cigarettes or tipped brands with smaller tobacco content. The filter-tip proportion reached 76 percent of output in 1969. As a result, U.K. tobacco use has been about static for several years, even though cigarette sales still gain. U.K. manufactured tobacco exports, which last year reached their highest level since 1951, rose further in the first 7 months of 1970--8 percent above a year earlier.

The United Kingdom manufacturers' use (gross clearances from bond) declined 3 percent in the first half of 1970 and the U.S. share declined slightly to 50 percent of flue-cured

clearances. But by the end of June, United Kingdom stocks of U.S. tobacco represented 1-1/4 year's supply, about the same as a year earlier. Not much rebuilding of U.K. stocks appears likely in 1970/71. U.K. buyers are expected to take more tobacco from non-traditional sources. These sources include Tanzania, Malawi, Pakistan, South Africa, South Korea, and Thailand.

EC Imports

West Germany, which accounts for about half of EC's tobacco imports, took 79 million pounds of unmanufactured tobacco in January-April 1970, about one-sixth less than a year earlier. Imports of U.S. tobacco, seasonally low, were down 2 percent. Greek imports declined sharply. Imports from Mainland China continued to grow.

The Netherlands took 49 million pounds of tobacco during the first 5 months of this year, 8 million greater than the same period a year earlier. U.S. leaf was up one-sixth, but the imports from South Africa moved up sharply.

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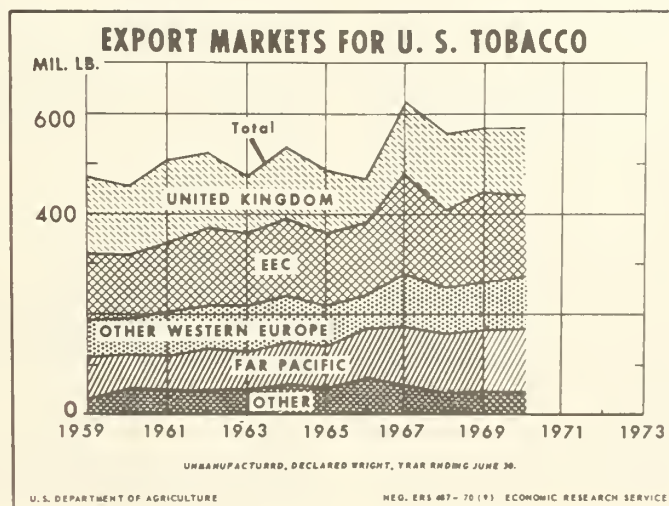


Table 12.--United Kingdom tobacco: Imports, stocks, clearances, and exports 1967-70

Item	July-June			Item	July-June		
	1967-	1968-	1969-		1967-	1968-	1969-
	1968	1969	1970		1968	1969	1970
	Million pounds				Million pounds		
Imports, by source:				Gross clearances:			
United States	152	134	140	Full duty rate <u>1/</u>	149	169	167
Commonwealth	130	132	100	Commonwealth			
Other	23	35	50	rate <u>2/</u>	158	137	135
Total	305	301	290	Total	307	306	302
Exports:				Flue-cured:			
Manufactured products	42	45	52	United States	141	147	137
Unmanufactured	4	3	4	Canada	47	43	48
Stocks, June 30:				India	42	44	45
Flue-cured	381	364	351	Rhodesia	34	16	5
Other	39	49	50	Zambia and Malawi	8	10	12
				Other	12	22	25
				Total	284	282	272
Total	420	413	401	Net clearances:	239	236	229

1/ Equivalent to \$12.10 per pound. 2/ Equivalent to \$11.91½ per pound.

Compiled from official United Kingdom sources.





## TOBACCO LEAF SITUATION AND OUTLOOK <sup>1/</sup>

Following the pattern of the 1960's, growth in U.S. leaf sales in the 1970's is expected to lag behind the expansion in worldwide cigarette sales. Many overseas users prefer the taste, flavor, and aroma of U.S. tobacco. Sales of cigarette brands containing high proportions of U.S. tobacco are on the uptrend. But sales of brands containing lower priced leaf continue to rise faster so the U.S. share of world tobacco output is declining.

U.S. production declined from 2.2 billion pounds in 1950-54 to 1.85 billion in 1965-69. Thus, due to reduced U.S. tobacco output and increased foreign production, the U.S. share of world leaf output fell from 29 percent in early 1950's to 19 percent. The U.S. share will probably decline further in the years ahead.

Cigarettes take about four-fifths of the tobacco used in the United States. But U.S. manufacturers will probably use about the same amount of leaf tobacco this year as in 1957 even though cigarette output is 27 percent larger. Increasingly, cigarettes are filter tipped, and manufacturers use most of the stems, more reconstituted sheet tobacco and imported scrap and leaf.

Manufacturers in other countries have also been economizing on leaf use. They are buying more non-U.S. tobacco at prices considerably below the U.S. prices. Also tariffs as well as non-tariff barriers of other government limit U.S. tobacco exports.

### 1971 Marketing Quotas and Allotments

On July 1, USDA announced the 1971 flue-cured marketing quota of 1,071 million pounds, the national average yield goal of 1,854 pounds per acre, and the national acreage allotment of 577,886 acres. The base quota is about

unchanged from this year's base. Flue-cured growers approved acreage-poundage quotas for their 1971-73 crops in a referendum held July 16. Of the 129,961 growers voting, 98.4 percent favored marketing quotas.

Individual farm quotas and matching acreage allotments for next year's flue-cured crop will reflect this year's overmarketings and undermarketings. This year's flue-cured crop is below the effective quota, so next year's effective quota will again be above the base quota.

By next February 1, the 1971 marketing quotas and acreage allotments will be announced for burley and other kinds of tobacco. Shortly after the announcement, growers of burley and Virginia sun-cured types will vote in referendums on whether they favor continuing acreage allotment quotas on their next 3 crops. If at least two-thirds of the farmers voting approve, the marketing quotas continue in effect. Producers of fire-cured, dark air-cured, cigar binder, and Ohio filler types approved marketing quotas applicable to the 1971 crop in previous referendums.

Maryland and Pennsylvania cigar filler tobacco growers disapproved marketing quotas in the last referendums (1968) so Government price support is not available for their 1968-70 crops. In accordance with the law, growers of these 2 kinds will vote in referendums in early 1971 on whether they favor or oppose marketing quotas on their next 3 crops. For Puerto Rico filler, the Commonwealth Government of Puerto Rico has set quotas for many years as authorized by Puerto Rican law. Shade-grown cigar wrapper

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<sup>1/</sup> All quantities in this section are stated in farm-sales weight equivalent unless otherwise noted.

(types 61-62) is not covered by marketing quota legislation.

### 1971 Price Support Levels

The overall price support for eligible 1971 tobacco crops seems likely to be about 4 percent above the 1970 price support levels--some 25 percent above the 1959 level. This estimate is based on changes in the parity index. As required by law, the price support adjustment for 1971 will be based on the average of the parity index in 1968, 1969, and 1970 compared with 1959.

Before 1960, price support levels for major tobaccos were set at 90 percent of parity prices. The 1960 amendment to the price support law set 1960 crop support prices at the 1959 level and provided for the parity index adjustment beginning in 1961. As a result, the increase in the support level averaged 1.8 percent annually in 1961 through 1970; the 4.3 percent increase in 1970 was the largest since the 7 percent increase for flue-cured and burley tobacco in 1958.

## FLUE-CURED

Flue-cured tobacco (types 11-14) makes up 60 percent of U.S. production and about four-fifths of U.S. tobacco exports. It accounts for half of the tobacco used in U.S. cigarettes. In the United Kingdom cigarettes are made with virtually 100 percent flue-cured tobacco, but most other foreign cigarettes use several kinds of tobacco.

### 1970 Auction Season

Flue-cured tobacco sold at auction markets this season through September 18 averaged 73-1/2 cents per pound, 1/2 cent above the similar period last season (table 13). About 58 percent of the 1970 crop had been marketed, and marketings were 6 percent above last year. About one-half the grade averages are higher,

and half are unchanged, but overall quality is not quite as good as last year.

The 1970 season got underway on July 22 with sales in the Georgia-Florida (type 14) markets. The industrywide Flue-cured Tobacco Marketing Committee sets opening dates and selling times. Because the larger market volumes exceeded the capacity of redrying plants, most sales were canceled during the second week of September. This was the first marketing holiday since the large 1967 crop was sold.

### Loan Receipts Above 1969

The overall level of price support for the 1970 crop is 66.6 cents per pound, 4.4 percent above 1969. With the larger crop, loan receipts through September 18 were 65 million pounds--about 10 percent of marketings. In the comparable period of the 1969 season, 6 percent went under loan. At the outset of the current season, loan receipts surged upward, but receipts have dropped since the second week of sales. For the entire 1969 season the loan take was 9 percent.

Under the acreage-poundage program, flue-cured growers who comply with their acreage allotments receive price support on marketings up to 110 percent of their farm poundage quotas. Tobacco marketed in excess of 110 percent of a farm's poundage quota is subject to payment of a penalty set by law at 75 percent of the average market price for the immediately preceding marketing year. (The applicable rate of penalty in the 1970 marketing year is 55 cents per pound.)

Any marketing above a farm's poundage quota is deducted from the following year's quota for the farm. Farms having undermarketings in 1970 will have their 1971 quotas increased to enable them to make up for their 1970 undermarketings. For flue-cured as a whole this year, undermarketings will exceed overmarketings.

Table 13.--Flue-cured tobacco auction markets: Gross sales, average price, sales dates, through Sept. 18, 1970, comparable 1969 period

Type and State	Gross sales		Average price per pound		Sales period	
					Opening	Closing
	1969	1970	1969	1970	date	date
					1970	1970
					(1969)	(1969)
	Million pounds		---- Cents ----			
14, Ga.-Fla.	157.1	199.4	73.3	74.4	July 22 (July 23)	Aug. 28 (Aug. 28)
13, S.C.-Border N.C.	248.9	258.6	72.9	72.5	July 28 (July 23)	(Oct. 2)
12, Eastern N.C.	181.0	168.9	72.8	74.0	Aug. 18 (Aug. 19)	(Nov. 10)
11b, Middle Belt, N.C., Va.	35.0	34.0	72.0	73.4	Sept. 1 (Sept. 2)	(Nov. 17)
11a, Old Belt, N.C., Va.	20.7	21.6	72.6	72.9	Sept. 1 (Sept. 2)	(Dec. 3)
All Belts <u>1/</u>	642.7	682.5	72.9	73.5	July 22 (July 23)	(Dec. 3)

1/ Computed from unrounded data.

#### 1969/70 Disappearance Lower

During the year ended last June 30, disappearance of flue-cured tobacco was 1,184 million pounds, 1 percent below the previous year (table 14). Exports gained but not enough to offset the drop in domestic disappearance. The 1969/70 total was 4 percent below the average for the 1959-68 crop years, although last year's exports were above the 10-year average.

The 3.5 percent decline in domestic disappearance last season compared with 1968/69 ties in with the 1.9 percent decline in cigarette output and the continued downtrend in leaf

used per cigarette. In 15 years this downtrend in flue-cured leaf per cigarette has averaged 3 percent annually. Domestic disappearance during 1970/71 is likely to be near the past season's level, if cigarette output stays about the same.

Flue-cured exports last season continued on the high plateau of the previous 3 marketing years. They were 2 percent above a year earlier when the dock strike slowed shipments. Main factors in the higher level of exports in recent years were the U.N. sanctions against tobacco from Rhodesia (formerly the largest exporter of flue-cured tobacco after the United States),

Table 14.--Flue-cured tobacco, types 11-14: Domestic supplies, disappearance, season average price, and price support operations for specified periods

(Farm-sales weight)							
Year	Production	Stocks, July 1	Supply	Disappearance <u>1/</u>			
				Total	Domestic	Exports	
<u>Million pounds</u>							
1960	1,251	2,106	3,357	1,267	792	475	
1961	1,258	2,090	3,348	1,267	782	485	
1962	1,408	2,081	3,489	1,208	777	431	
1963	1,371	2,282	3,653	1,267	769	498	
1964	1,388	2,386	3,774	1,219	775	444	
1965	1,059	2,555	3,614	1,175	752	423	
1966	1,108	2,439	3,547	1,274	687	587	
1967	2/1,250	2,273	3,523	1,221	687	534	
1968	2/996	2,302	3,298	1,198	673	525	
1969	1,053	2,100	3,153	1,184	649	535	
1970 <u>3/</u>	1,138	1,969	3,107				
	Average price per pound	Price support level <u>4/</u>	Placed under Government loan		Remaining in Government loan		
			Quantity	Percentage of crop	stocks on August 31, 1970 <u>5/</u>		
	<u>Cents</u>		<u>Million pounds</u>	<u>Percent</u>	<u>Million pounds</u>		
1960	60.4	55.5	51.8	4.1	0		
1961	64.3	55.5	70.3	5.6	0		
1962	60.1	56.1	237.2	16.8	0		
1963	58.0	56.6	277.2	20.2	86.3		
1964	58.5	57.2	285.6	20.7	105.0		
1965	64.6	57.7	71.5	6.8			
1966	66.9	58.8	74.6	6.8	34.9		
1967	64.2	59.9	282.1	22.6	57.3		
1968	66.6	61.6	128.8	12.9	112.1		
1969	72.4	63.8	97.6	9.3	93.2		
1970		66.6	<u>6/</u>	<u>6/</u>			
Total	---	---	1,576.7	---	700.4		

1/ Year beginning July 1. 2/ Sales. 3/ Subject to revision. 4/ For 1960 set at 1959 level; from 1961 on, adjusted to reflect relative change between 1959 parity index and average of parity index for 3 most recent calendar years. 5/ As reported by Flue-cured Tobacco Cooperative Stabilization Corp.; the unstemmed loan stocks on the packed-weight basis average about 11 percent less than farm-sales weight figures. 6/ By September 18, 65 million pounds, 10 percent of deliveries, were placed under loan.



the export payment program, and the high quality of recent crops. Exports this year are expected to continue well above the pre-1966 period, but probably not as high as 1969/70.

U.S. flue-cured to principal countries,  
1968-70

(export weight)			
Country	Year ended June 30		
	1968	1969	1970
	Million pounds		
United Kingdom	121	97	111
West Germany	67	90	68
Japan	35	31	39
Netherlands	27	24	18
Ireland	11	11	10
Thailand	18	21	18
Australia	10	15	16
Belgium	14	13	10
Denmark	12	12	14
Switzerland	9	12	12
Sweden	8	7	7
South Vietnam	10	12	6
All others	85	73	85
Total*	427	418	414

\*Based on unrounded data.

The United Kingdom increased its takings last season but indications are that U.K. buyers will take less of the 1970 crop. West Germany's takings fell back as manufacturers used their stocks of U.S. tobacco. If the German purchase pattern of recent years continues, U.S. exports should rebound this season. After 2 years of inventory adjustment, Japan's takings were up near the level of the 1966 and 1967 seasons.

The proportion of U.S. flue-cured tobacco exported in stemmed form has risen substantially since 1960 as U.S. farmers shifted

to selling untied tobacco. Consequently, U.S. redrying plants were better equipped to redry and stem looseleaf tobacco than foreign plants. This is particularly true of the flue-cured going to the United Kingdom.

U.S. flue-cured tobacco exports: Per-  
centage stemmed form of total

(Unstemmed equivalent basis)			
Year ending June 30	Destination		
	United Kingdom	Other countries	All
	Percent		
1960	11.3	4.2	6.8
1962	17.3	6.3	10.1
1964	46.8	10.6	22.6
1966	89.3	12.6	33.0
1968	94.9	21.0	45.0
1970	95.2	42.5	58.2

1970/71 Supplies Lower

Flue-cured carryover last July 1 totaled 1,969 million pounds. This was 131 million below a year earlier, and 586 million lower than the 1965's record high.

Estimated flue-cured tobacco acreage for harvest this year is 1 percent above 1969. This reflects adjustments for the substantial undermarketing in the 1969 season since the basic allotment was reduced 5 percent. The largest change is a 10 percent increase in the Georgia-Florida Belt. Nationally, the yield estimate averages 7 percent above last season. In the Georgia-Florida Belt, yields recovered from the adverse weather of last season. The September 1 forecast for flue-cured production was 1,138 million pounds--8 percent above 1969.

The supply--production plus carryover--is about 2 percent below the 3.15 billion pounds in 1969/70 and 18 percent less than the



record high for 1964/65. This year's supply is 2.6 times last year's use compared with the desired ratio of 2.4 based on legislative formula. But with a reduced supply this year, and with domestic use and exports about like last season, carryover next July 1 will be reduced.

By September 1, Government loan stocks of 1963-69 flue-cured tobacco--a component of the carryover and supply estimates above--totaled 700 million pounds. The Flue-cured Tobacco Cooperative Stabilization Corporation--the growers' organization handling Government loans for price support--sold 12 million pounds of old-crop tobacco to the trade in July and August, about half as much as in the same period a year earlier. Stabilization sold 112 million pounds in the year ended last June, about one-fourth below the previous year's total. This season's sales probably will not gain from last season if manufacturers and dealers continue to buy more than 90 percent of the current crop and they continue to reduce their tobacco holdings.

## BURLEY

Manufacturers desire burley tobacco (type 31) for its flavor and aroma in cigarette blends. Domestic cigarette production accounts for nearly 80 percent of burley disappearance. About 10 percent goes into other domestic products and 10 percent is exported.

Although domestic use is substantially below the 1964/65 peak, manufacturers until 2 years ago maintained the burley leaf content in their cigarette blends. Changes in cigarette manufacturing techniques to incorporate more sheet tobacco and stems as well as the leveling of cigarette sales are limiting domestic burley use.

Growing popularity of American-type blended cigarettes abroad has increased world demand for burley. However, most of this mar-

ket is supplied by foreign producers often at prices less than half the U.S. levels.

### 1969/70 Disappearance Smaller

Domestic use of burley tobacco for the year now ending probably will total about 5 percent below the 516 million pounds used in 1968/69 (table 15). Exports are above the 55 million pounds of last year. Based on these prospects total disappearance would be some 3 percent below the 571 million pounds of last season, leaving a 2-3 percent larger carryover on October 1, 1970, than the 1,316 million pounds of a year earlier.

Based on July 1 stocks, disappearance for the first 9 months of the marketing year was 412 million pounds, 13 million smaller than in the same period a year earlier. The decline was in domestic use; exports were larger. Domestic use totaled 366 million pounds, 11 million below 1968/69 and 34 million below 1963-67 average for the period. The indicated disappearance of burley implies domestic manufacturers are not maintaining their use in line with cigarette output. Among the secondary outlets for burley, production of smoking tobacco is increasing.

For the first 10 months of this marketing year, burley exports totaled 50 million pounds, 11 percent above those of a year earlier. Exports to West Germany, the leading destination, were below the high level of a year earlier, but above 1967/68. Switzerland, the second largest U.S. market for burley, took more as its cigarette production went up sharply. Larger exports were also made to Denmark, Hong Kong, Thailand, and the Philippines. Sweden and Portugal took about the same. The Netherlands and Belgium have been taking less.

Foreign burley production gained 11 million pounds last year, but based on U.S. exports,

Table 15.--Burley tobacco, type 31: Domestic supplies, disappearance, season average price, and price support operations for specified periods

(Farm-sales weight)						
Year	Production	Stocks, October 1	Supply	Disappearance <u>1/</u>		
				Total	Domestic	Exports
<u>Million pounds</u>						
1960	485	1,191	1,676	549	508	41
1961	580	1,127	1,707	570	525	45
1962	675	1,137	1,812	584	531	53
1963	755	1,228	1,983	571	514	57
1964	620	1,412	2,032	616	560	56
1965	586	1,416	2,002	607	550	57
1966	587	1,395	1,982	600	544	56
1967	541	1,382	1,923	599	546	53
1968	563	1,324	1,887	571	516	55
1969	591	1,316	1,907	*550	*490	*60
1970 <u>2/</u>	552	*1,357	*1,909			
	Average price per pound	Price support level <u>3/</u>	Placed under Government loan	Quantity	Percentage of crop	Remaining in Government loan stocks on August 31, 1970 <u>4/</u>
	---- Cents ----		<u>Million pounds</u>	<u>Percent</u>	<u>Million pounds</u>	
1960	64.3	57.2	8.4	1.7	0	
1961	66.5	57.2	10.3	1.8	0	
1962	58.6	57.8	63.5	9.4	4.4	
1963	59.2	58.3	202.3	26.8	52.6	
1964	60.3	58.9	110.4	17.8	53.4	
1965	67.0	59.5	42.2	7.2	36.8	
1966	66.9	60.6	62.5	10.6	51.8	
1967	71.8	61.8	64.2	11.9	59.3	
1968	73.7	63.5	56.2	10.0	56.1	
1969	69.6	65.8	158.5	26.8	155.5	
1970		68.6				
Total	---	---	778.5	---	5/469.9	

<sup>1/</sup> Year beginning October 1. <sup>2/</sup> Subject to revision. <sup>3/</sup> For 1960 set at 1959 level; from 1961 on, adjusted to reflect relative change between 1959 parity index and average of parity index for 3 most recent calendar years. <sup>4/</sup> Actual loan stocks on a packed-weight basis average about 11 percent less than these farm-sales weight figures. <sup>5/</sup> About 9 million pounds of these holdings have been sold.

\* Preliminary estimates.

the world market expanded considerably more. The lower U.S. auction prices for 1969 are helping U.S. burley to compete.

#### 1970/71 Supplies Large; Loan Holdings Up

The September estimate of the 1970 U.S. burley crop is 552 million pounds--7 percent below 1969. Acreage for harvest is down 8 percent due to smaller allotments. Yield prospects are for a 1 percent gain over last year's record.

The 1970/71 total burley supply (indicated carryover plus the new crop) is about the same as the 1,907 million pounds in 1969/70 and 6 percent below the record 6 years earlier. The prospective supply equals about 3-1/2 times probable disappearance, the highest ratio since 1963/64. The desirable ratio (based on legislative formula) is 2.8 .

By August 31, 1970, Government loan stocks of 470 million pounds were one-third higher than a year earlier. This increase was due to 6-year high in loan receipts from the 1969 crop, even though sales from CCC loan stocks were a little larger than in the previous 12 months.

Auction sales usually begin in late November. The 1969 crop sold for an average of 69.6 cents per pound, with 27 percent of the crop placed under loan. The price support level for 1970 burley is 68.6 cents per pound, about 4 percent above 1969.

## **MARYLAND**

The chief outlet for Maryland tobacco (type 32) is in the manufacture of cigarettes. Some is also used as cigar filler depending upon availability and prices of certain grades. About one-third of the crop is exported. Annual disappearance since 1950 has varied irregularly

between 31 million pounds and 49 million, a record high during 1968/69.

#### 1969/70 Use Remains High

Total disappearance of Maryland tobacco during the first 9 months of the marketing year that began October 1, 1969, was 32 1/2 million pounds--about the same as a year earlier. Both exports and domestic use held steady. U.S. manufacturers are apparently continuing to use an above average amount of Maryland tobacco in cigarette blends. For the 1969/70 marketing year disappearance is expected to total about 8 million pounds below the record 49 million pounds of the previous year, but 8 million above the 1963-67 average (table 16).

Exports of Maryland tobacco may be slightly above the 10.4 million pounds of 1968/69 and 1 million below the 1963-67 crop year average. In the first 10 months of the current marketing year, exports were 16 percent above the same period a year earlier. Exports to Switzerland, the principal outlet, are up 3 million pounds, almost double the year-earlier period. Swiss cigarette production is up sharply. Belgium also increased its takings, but shipments to West Germany and Portugal decreased.

#### 1970/71 Supplies Lower

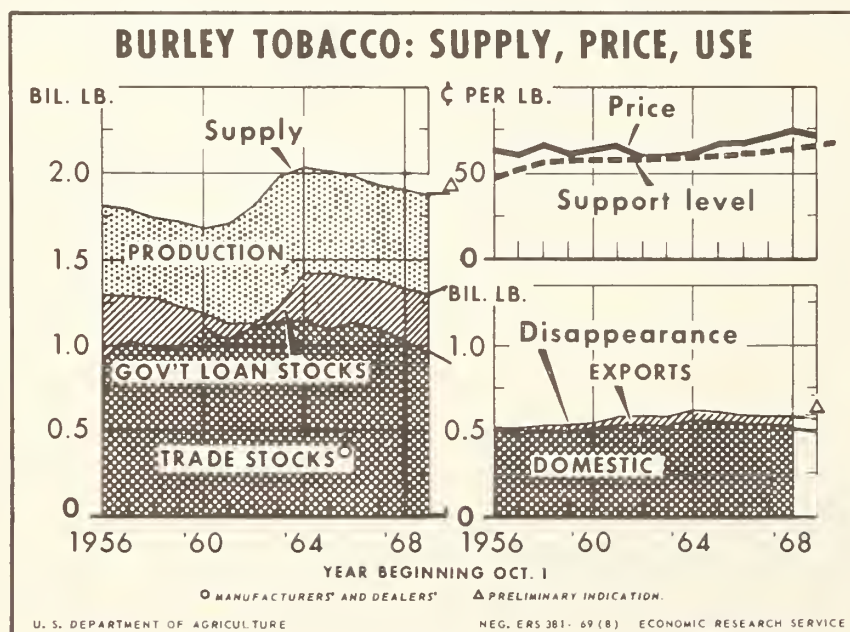
By next January 1--the date specified for marketing quota calculations--carryover probably will fall further from this year's 67 million pounds because disappearance exceeds 1969 production. The September estimate of the 1970 Maryland crop is 30 million pounds, 2 percent below the 1969 estimate. For the fifth year, acreage allotments are not in effect, since growers disapproved a marketing quota for the 1970 crop. This year's crop plus the estimated carryover will provide a 1970/71 supply about 9 percent less than for the year now ending.

Auction sales of the 1969 Maryland tobacco crop began April 14 and ended June 26, with

Table 16.--Maryland tobacco, type 32: Acreage, yield, production, carryover, supply, disappearance, season average price, and price support operations, 1965-70

(Farm-sales weight)							
Marketing year	Acreage harvested	Yield per acre	Production	Stocks, following January 1 --			Total supply
				Manufacturers and other	Under loan	Total	
	Thousand acres	Pounds		Million pounds			
1965	33.5	1,150	38.5	70.0	20.2	90.1	128.6
1966	35.0	1,030	36.0	68.2	21.5	89.7	125.7
1967	31.5	1,030	32.4	68.2	18.1	86.3	118.7
1968	30.0	1,065	32.0	74.5	7.0	81.5	113.5
1969 <u>1/</u>	30.0	1,020	30.6	66.7	0	66.7	97.3
1970 <u>1/</u>	28.0	1,070	30.0			*55.0	*85.0
	Disappearance <u>2/</u>		Average price per pound	Price support level	Placed under Government loan		
	Total	Domestic			Quantity	Percentage of crop	
	Million pounds		Cents		Million pounds	Percent	
1965	35.7	24.7	11.0	65.5	52.8	2.7	7.0
1966	40.2	23.7	16.5	48.6		No price support	
1967	36.0	20.3	15.7	62.4		No price support	
1967	48.8	38.4	10.4	69.8		No price support	
1969	*41.0	*29.0	*12.0	3/75.1		No price support	
1970						No price support	

1/ Subject to revision. 2/ Year beginning October 1. 3/ Auction market average. \*Preliminary estimates.





a record average price to growers. Overall quality of offerings was higher than last year, and prices for most grades advanced.

## FIRE-CURED

Fire-cured tobacco is used for making snuff, and plug and twist chewing tobacco, cigars, and smoking tobacco. Since U.S. production of most of these products has declined over the past decade, the use of fire-cured tobacco has also fallen. Exports--accounting for about half of the total disappearance--have held up better than domestic use because of steadier demand overseas for products using fire-cured tobacco and limited exports available from other suppliers.

### 1969/70 Disappearance Gains

Disappearance of fire-cured tobacco (types 21-23) during the first 9 months of the marketing year that began October 1, 1969, was 39 million pounds, about 2-1/2 million above a year earlier. Exports were up substantially but domestic disappearance was lower. In October 1969-June 1970, snuff output was 3-1/2 percent less than a year earlier.

For the year ending this September, disappearance is up about 4 million pounds from last season's 46 1/2 million. This means about 10 million pounds more have been used than were produced last year. Last season's average price of 48.9 cents was down 3 percent from 1968's record. Carryover stocks this October 1 are probably about 12 percent below the 83 million pounds of last year (table 17).

Based on the indications through June domestic use of Virginia fire-cured in the 1969/70 year is below the previous year's level. Disappearance may gain for the much larger-volume Kentucky-Tennessee types if the 1968/69 dis-

appearance is adjusted for a fire loss. Use in the past 2 years was unusually low.

Exports of fire-cured tobacco in the season now ending may total a fourth above 1969/70. Much of the variation is due to changes in end-of-season shipping patterns. The gain is occurring in both the Virginia and Kentucky-Tennessee types. Exports of 19.3 million pounds of Kentucky-Tennessee types during October 1969-July 1970 were 5 million pounds above a year earlier. The Netherlands--first ranking outlet--increased takings 3 million pounds. Among other leading outlets, Switzerland took slightly more type 22-23 tobacco while Sweden, Belgium, and France took less.

Virginia fire-cured exports in October 1969-July 1970 of 4.4 million pounds were sharply above the 3.4 million of a year earlier. Exports to Norway, the leading destination, rebounded after a cut due to inventory adjustments. Sweden and West Germany also boosted their takings. Decreases were recorded for the United Kingdom and Tunisia.

### 1970/71 Supplies Lower

The September estimate of fire-cured production was 41.6 million pounds, 2 percent larger than last year. This would still be about 10 million pounds below the estimated disappearance during the marketing year just ended. Acreage for harvest is slightly larger. Average yield per acre is indicated to be about the same as last year.

Combined supplies of the fire-cured types for 1970/71--estimated carryover and production--are 7 percent below the 123 million pounds of a year earlier and 12 percent below 2 years ago. Carryover a year hence will show a further decline from the current level. By August 31, stocks under loan were below a year earlier.

Table 17.--Fire-cured tobacco, Kentucky-Tennessee types 22-23, and Virginia fire-cured type 21: Acreage, yield, production, carryover, supply, disappearance, season average price, and price support operations, 1965-70

(Farm-sales weight)

Marketing year beginning October 1	Acreage harvested	Yield per acre	Production	Beginning stocks, October 1 --			Total supply
				Manufacturers and other	Under loan	Total	
	Thousand acres	Pounds		----- Million pounds -----			
	Kentucky-Tennessee fire-cured, types 22-23						
1965	23.2	1,574	36.6	72.5	32.3	104.8	141.4
1966	21.0	1,919	40.2	69.9	25.9	95.8	136.0
1967	17.3	1,702	29.5	64.0	27.3	91.3	120.8
1968	17.9	1,822	32.6	57.3	21.5	78.8	111.4
1969	19.0	1,797	34.1	61.1	11.6	72.7	106.8
1970 1/	19.0	1,830	34.7			*64.3	*99.0
	Virginia fire-cured, type 21						
1965	7.6	1,260	9.6	12.3	3.3	15.6	25.2
1966	6.0	1,255	7.5	13.4	3.5	16.9	24.4
1967	5.4	1,290	7.0	12.1	2.7	14.8	21.8
1968	4.9	1,205	5.9	8.9	2.8	11.7	17.6
1969	5.0	1,340	6.7	8.0	1.9	9.9	16.6
1970 1/	5.3	1,300	6.9			*8.6	*15.5
	Disappearance			Average	Price	Placed under	
				price	support	Government loan	
	Total	Domestic	Exports	per pound	level	Quantity	Percentage
							of
							crop
	----- Million pounds -----			Cents		Million pounds	Percent
	Kentucky-Tennessee fire-cured, types 22-23						
1965	45.6	18.0	27.6	43.6	40.4	2.3	6.3
1966	44.7	21.0	23.7	42.2	41.1	6.3	15.7
1967	42.0	14.9	27.1	46.2	41.9	.8	2.7
1968	38.7	2/19.1	19.6	51.1	43.1	.4	1.2
1969	*42.5	*18.0	*24.5	48.1	44.6	1.9	5.6
1970					46.6		
	Virginia fire-cured, type 21						
1965	8.3	3.0	5.3	39.9	40.4	1.0	10.4
1966	9.6	2.3	7.3	41.2	41.1	.6	8.0
1967	10.1	3.4	6.7	40.9	41.9	.7	10.1
1968	7.7	3.0	4.7	46.9	43.1	.2	3.4
1969	*8.0	*2.3	*5.7	53.1	44.6	.1	1.5
1970					46.6		

1/ Based on September 1 crop prospects and estimated utilization. 2/ Includes 4.7 million pounds fire loss, April 1969. \* Preliminary estimates.

Fire-cured and dark air-cured tobacco  
loan stocks, 1968-70

(Farm-sales weight)				
Type	End of August			
	:	:	:	:
	: 1968	: 1969	: 1970	:
<u>Million pounds</u>				
Virginia, type 21	: 2.8	: 2.0	: 1.4	:
Ky.-Tenn., types 22-23	: 24.1	: 12.8	: 11.2	:
Ky.-Tenn., types 35-36	: 18.1	: 15.6	: 18.9	:
Virginia, type 37	: 0	: 0	: 0	:

In Malawi, the chief fire-cured exporter besides the United States, the 1970 crop recovered to 20.4 million pounds. This was 9.9 million above the very low level of last year. Auction prices this season through early August averaged 32.7 cents per pound, 2.3 cents above last year.

### DARK AIR-CURED

Dark air-cured tobacco (types 35-37) is used in manufacture of plug, twist, fine-cut chewing tobacco, and snuff, and also to some extent for smoking tobacco and cigars. Production and use have declined about half in the past 2 decades. The decline has been proportionately greater for exports than domestic use. Exports now account for about one-fifth of annual disappearance.

#### 1969/70 Disappearance Picks Up

Disappearance of dark air-cured tobacco during the first 9 months of the current marketing year was 20 million pounds, about 5-1/2

million above a year earlier. Exports were steady while domestic use gained sharply. Last year's crop averaged 6.6 cents per pound lower to growers than the record high for 1968.

For the year ending September 30, 1970, total disappearance probably was 5-1/2 million pounds above the 18-1/2 million of last year. This would mean a carryover 8-9 percent below the 63 million pounds last October 1 (table 18).

Domestic use of dark air-cured apparently spurred ahead to the largest amount since 1957. Use in cigars could account for the gain. In October 1969-June 1970, the manufacture of plug, twist, and fine-cut chewing tobacco advanced 3-1/2 percent.

Exports of dark air- and sun-cured tobacco in 1969/70 probably totaled a little above the 2.3 million pounds of a year earlier. This includes an allowance for Black Fat.

Exports of Black Fat--a semi-processed product--were 1.9 million pounds in October 1969-July 1970, 0.9 million above a year earlier. Exports to major destinations in Africa have revived. Exports of One Sucker leaf declined primarily because no shipments were recorded for South Vietnam in contrast with 0.5 million pounds in the like period of 1968/69. Belgium took 1/4 million pounds last season versus 5,000 pounds the previous year. Exports of Green River leaf in October 1969-July 1970 fell below a year earlier as the United Kingdom and Australia cut takings sharply. The Congo took more.

#### 1970/71 Supplies Continue Large

The September estimate of this year's crop is 18.2 million pounds--about 7 percent below last year but about 8 percent above 1967's record low. Acreage for harvest of dark air-

Table 18.--Dark air-cured tobacco, types 35-36, and Sun-cured tobacco type 37: Acreage, yield, production, carryover, supply, disappearance, season average price, and price support operations, 1965-70

(Farm-sales weight)

Marketing year beginning October 1	Acreage harvested	Yield per acre	Production	Beginning stocks			Total supply	
				Manufacturers and other	Under loan	Total		
	Thousand acres	Pounds		----- Million pounds -----				
				Dark air-cured, types 35-36				
1965	11.3	1,639	18.5	40.6	21.3	61.9	80.4	
1966	10.7	1,987	21.3	41.0	19.6	60.6	81.9	
1967	9.5	1,629	15.5	39.2	21.3	60.5	76.0	
1968	9.8	1,831	18.0	41.1	17.1	58.2	76.2	
1969	10.1	1,793	18.1	44.1	15.0	59.1	77.2	
1970 <u>1/</u>	9.2	1,865	17.1			*54.8	*71.9	
				Sun-cured, type 37				
1965	1.8	1,105	2.0	4.3	0	4.3	6.3	
1966	1.4	1,065	1.5	4.3	0	4.3	5.8	
1967	1.2	1,090	1.3	4.2	0	4.2	5.5	
1968	1.1	1,095	1.2	3.9	0	3.9	5.1	
1969	1.1	1,225	1.3	3.8	0	3.8	5.1	
1970 <u>1/</u>	1.0	1,100	1.1			*3.4	*4.5	
	Disappearance			Average	Price	Placed under		
				price	support	Government loan		
	Total	Domestic	Exports	per pound	level	Quantity	Percentage	
							of	
							crop	
	----- Million pounds -----			Cents		Million pounds	Percent	
				Dark air-cured, types 35-36				
1965	19.8	16.2	3.6	37.0	35.9	3.2	17.3	
1966	21.4	17.0	4.4	37.3	36.6	4.7	22.1	
1967	17.8	14.8	3.0	40.8	37.3	1.4	9.0	
1968	17.1	15.0	2.1	47.4	38.3	.7	3.9	
1969	*22.4	*20.0	*2.4	40.3	39.7	4.8	26.5	
1970					41.4			
				Sun-cured, type 37				
1965	2.0	1.7	.3	39.2	35.9	<u>2/75</u>	3.8	
1966	1.6	1.2	.4	42.3	36.6	<u>2/26</u>	1.7	
1967	1.6	1.2	.4	45.2	37.3	<u>2/25</u>	1.9	
1968	1.3	1.1	.2	53.2	38.3	<u>2/1</u>	.1	
1969	*1.7	*1.4	*.3	52.8	39.7	<u>2/1</u>	.1	
1970					41.4			

1/ Based on September 1 crop prospects and estimated utilization. 2/ Quantity placed under loan reported in thousand pounds. \* Preliminary estimates.



cured (types 35-36) is estimated to be 9 percent below last year's level; this reflects the allotment cut. Average yield per acre is indicated to be up slightly after last year's downturn. For type 37, both acreage and indicated yield are estimated lower than last year.

With smaller crops and carryovers, total 1970/71 supplies are estimated about 6 million pounds below last year's 82 million pounds--about 3 times the past season's use. But mid-1970 loan holdings remained well above year-earlier levels.

## CIGAR TOBACCO

Cigar leaf tobaccos (types 41-62) are classified according to usage in cigar manufacture--filler, binder, and wrapper. A secondary outlet is in scrap chewing tobacco. The shift to small cigars and cigarillos and reconstituted tobacco sheet for cigar binders and wrappers is reducing leaf requirements.

U.S. and Puerto Rico cigar leaf production has been declining since the early 1960's while imports of filler leaf and scrap have risen. The Philippines and countries in Central and South America are the chief foreign suppliers. About 95 million pounds of domestic leaf are used annually while about 80 million pounds are imported.

### Cigar Filler Supply Lower; Disappearance May Gain

For the first 9 months of the 1969/70 marketing year, total disappearance of U.S. cigar filler tobacco (types 41-46) was 47 million pounds, up 2 million from a year earlier. The gain was in Pennsylvania filler; Puerto Rico and Ohio types were lower. In the same period production of cigars and scrap chewing tobacco gained.

During October 1969-July 1970, filler exports--a relatively small part of total disappearance--were 0.4 million pounds, 0.4 million below a year earlier. Canada and France accounted for most of the shipments.

The 1969/70 filler disappearance may be slightly below the 62-1/2 million pounds of a year earlier. Disappearance of the Pennsylvania type will likely be a little more than 1968/69; Ohio and Puerto Rico types are lower (table 19).

### Imports Supplementing Lower U.S. Supplies

During October 1969-June 1970, U.S. manufacturers used 66 million pounds of foreign cigar tobacco (imports for consumption), or 6-1/2 million more than a year earlier. This increase is supplementing reduced U.S. supplies. With domestic supplies declining further in 1970/71, manufacturers may draw even more heavily on foreign leaf.

### Cigar tobacco: Imports for consumption 1967-70

Country of origin	October-June		
	1967-	1968-	1969-
	1967	1968	1969
	1968	1969	1970
	: Million pounds		
Philippine Rep.	: 20.9	26.8	26.4
Dominican Rep.	: 8.0	7.8	9.2
Brazil	: 6.0	5.3	5.3
Colombia	: 5.7	4.9	6.3
	:		
All others	: 13.6	14.6	18.8
	:		
Total	: 54.2	59.4	66.0
	:		

Foreign-grown cigar leaf stocks in the United States on July 1 totaled a record 105

Table 19.--Cigar tobacco, types 41-62: Domestic supplies, disappearance, and season average prices, for 1965-70

Crop year	(Farm-sales weight)								
	Acreage harvested	Yield per acre	Supply			Disappearance			Average price per pound to growers
			Production	Beginning stocks 1/	Total supply	Total	Domestic	Exports	
	Thous. acres	Pounds			Million pounds				Cents
Pennsylvania Seedleaf Filler (type 41)									
1965	27.0	1,900	51.3	129.4	180.7	53.0	51.2	1.8	24.0
1966	23.0	1,675	38.5	127.7	166.2	53.9	52.4	1.5	25.0
1967	21.0	1,825	38.3	112.3	150.6	41.9	41.3	.6	28.0
1968	21.0	1,775	37.3	108.7	146.0	40.9	40.0	.9	30.0
1969	20.0	1,875	37.5	105.1	142.6	*43.5	*43.0	*.5	30.0
1970 2/	19.0	1,825	34.7	*99.1	*133.8				
Ohio, Miami Valley Filler (types 42-44)									
1965	3.7	1,465	5.4	17.0	22.4	6.2	6.2	---	26.2
1966	3.2	1,885	6.0	16.2	22.2	6.7	6.7	---	28.0
1967	2.3	1,580	3.6	15.5	19.1	6.2	6.2	---	29.0
1968	2.0	1,670	3.4	12.9	16.3	5.4	5.4	---	31.0
1969	1.7	1,650	2.8	10.9	13.7	*4.0	*4.0	---	32.5
1970 2/	1.8	1,750	3.2	*9.7	*12.9				
Puerto Rico Filler (type 46) 3/									
1965	17.0	951	16.2	62.6	78.8	27.0	27.0	---	4/32.1
1966	9.0	1,338	12.0	51.8	63.8	23.3	23.3	---	4/31.3
1967	7.6	1,419	10.8	40.5	51.3	16.9	16.9	---	4/33.1
1968	6.0	1,282	7.6	34.4	42.0	16.2	16.2	---	4/33.3
1969	4.5	1,300	5.8	25.8	31.6	*12.6	*12.6	---	4/33.4
1970 2/	3/4.0	3/1,300	3/5.2	*19.0	*24.2				
Total Cigar Filler (types 41-46)									
1965	47.7	1,528	72.9	209.0	281.9	86.2	84.4	1.8	26.0
1966	35.2	1,608	56.5	195.7	252.2	83.9	82.4	1.5	26.7
1967	30.9	1,707	52.7	168.3	221.0	65.0	64.4	.6	29.1
1968	29.0	1,666	48.3	156.0	204.3	62.5	61.6	.9	30.6
1969	26.2	1,760	46.1	141.8	187.9	*60.1	*59.6	*.5	30.5
1970 2/	24.8	1,735	43.1	*127.8	*170.9				
Connecticut Valley Binder (types 51-52)									
1965	2.6	1,910	5.0	21.3	26.3	7.0	4.9	2.1	45.9
1966	1.8	2,111	3.8	19.3	23.1	6.7	5.1	1.6	51.2
1967	1.5	1,819	2.7	16.4	19.1	7.9	5.7	2.2	54.5
1968	1.6	1,808	2.8	11.2	14.0	5.1	4.7	.4	59.5
1969	1.6	1,482	2.4	8.9	11.3	*4.0	*3.7	*.3	58.2
1970 2/	1.5	1,817	2.7	*7.3	*10.0				
Southern Wisconsin Binder (type 54)									
1965	4.7	1,805	8.5	22.7	31.2	8.8	8.8	---	29.7
1966	3.9	1,895	7.4	22.4	29.8	9.1	9.1	---	34.3
1967	3.8	1,905	7.2	20.7	27.9	8.0	8.0	---	34.4
1968	3.7	1,990	7.4	19.9	27.3	7.7	7.7	---	36.8
1969	3.7	1,740	6.4	19.6	26.0	*8.5	*8.5	---	40.2
1970 2/	4.2	1,900	8.0	*17.5	*25.5				
Northern Wisconsin Binder (type 55)									
1965	6.2	1,735	10.8	26.8	37.6	9.4	9.1	.3	28.9
1966	5.4	1,635	8.8	28.2	37.0	7.7	7.4	.3	32.4
1967	4.5	1,975	8.9	29.3	38.2	9.3	8.9	.4	34.1
1968	4.0	1,670	6.7	28.9	35.6	14.9	14.5	.4	37.9
1969	3.7	1,755	6.5	20.7	27.2	*8.5	*8.2	*.3	42.5
1970 2/	4.1	1,900	7.8	*18.7	*26.5				

See footnotes at end of table.

Continued --

Table 19.--Cigar tobacco, types 41-62: Domestic supplies, disappearance, and season average prices, for 1965-70--Cont.

Crop year	(Farm-sales weight)								
	Acreage harvested	Yield per acre	Supply			Disappearance			Average price per pound to growers
			Production	Beginning stocks 1/	Total supply	Total	Domestic	Exports	
	Thous. acres	Pounds			Million pounds				Cents
Total Wisconsin Binder (types 54-55)									
1965	10.9	1,765	19.3	49.5	68.8	18.2	17.9	.3	29.3
1966	9.3	1,744	16.2	50.6	66.8	16.8	16.5	.3	33.3
1967	8.3	1,943	16.1	50.0	66.1	17.3	16.9	.4	34.2
1968	7.7	1,824	14.1	48.8	62.9	22.6	22.2	.4	37.3
1969	7.4	1,748	12.9	40.3	53.2	*17.0	*16.7	*.3	41.4
1970 2/	8.3	1,900	15.8	*36.2	*52.0				
Total Cigar Binder (types 51-55)									
1965	13.5	1,793	24.3	70.8	95.1	25.2	22.8	2.4	32.7
1966	11.1	1,804	20.0	69.9	89.9	23.5	21.6	1.9	36.7
1967	9.8	1,924	18.8	66.4	85.2	25.2	22.6	2.6	37.1
1968	9.3	1,821	16.9	60.0	76.9	27.7	26.9	.8	41.0
1969	9.0	1,700	15.3	49.2	64.5	*21.0	*20.4	*.6	44.0
1970 2/	9.8	1,887	18.5	*43.5	*62.0				
Connecticut Valley Shade-grown (type 61)									
1965	9.3	1,567	14.6	14.3	28.9	12.6	9.3	3.3	250.0
1966	8.8	1,555	13.7	16.3	30.0	14.0	10.5	3.5	295.0
1967	8.5	1,124	9.6	16.0	25.6	12.9	9.6	3.3	360.0
1968	8.4	1,215	10.2	12.7	22.9	10.8	9.1	1.7	280.0
1969	6.3	1,288	8.1	12.1	20.2	8.0	7.0	1.0	390.0
1970 2/	6.0	1,365	8.2	12.2	20.4				
Georgia-Florida Shade-grown (type 62)									
1965	6.3	1,321	8.3	7.3	15.6	7.4	5.5	1.9	225.0
1966	5.8	1,265	7.3	8.2	15.5	6.8	6.1	.7	185.0
1967	5.1	1,573	8.0	8.7	16.7	7.9	6.3	1.6	245.0
1968	5.0	1,556	7.9	8.8	16.7	9.2	7.1	2.1	270.0
1969	5.0	1,569	7.8	7.5	15.3	6.1	5.2	.9	280.0
1970 2/	3.5	1,600	5.6	9.2	14.8				
Total Shade-grown (types 61-62)									
1965	15.6	1,468	22.9	21.6	44.5	20.0	14.8	5.2	241.0
1966	14.6	1,440	21.0	24.5	45.5	20.8	16.6	4.2	257.0
1967	13.6	1,292	17.6	24.7	42.3	20.8	15.9	4.9	308.0
1968	13.4	1,343	18.1	21.5	39.6	20.0	16.2	3.8	275.7
1969	11.3	1,411	15.9	19.6	35.5	14.1	12.2	1.9	336.2
1970 2/	9.5	1,452	13.8	21.4	35.2				
Grand Total Cigar Tobacco (types 41-62)									
1965	76.8	1,562	120.1	301.4	421.5	131.4	122.0	9.4	68.3
1966	60.9	1,603	97.5	290.1	387.6	128.2	120.6	7.6	78.2
1967	54.3	1,642	89.1	259.4	348.5	111.0	102.9	8.1	85.7
1968	51.7	1,610	83.3	237.5	320.8	110.2	104.7	5.5	85.9
1969	46.5	1,664	77.3	210.6	287.9	*95.2	*92.2	*.0	96.0
1970 2/	44.1	1,707	75.4	*192.7	*268.1				

1/ October 1 for types 41-55; July 1 for types 61-62.

2/ Subject to revision.

3/ Puerto Rican planting occurs late in calendar year; projected for 1970.

4/ Excludes payment by Puerto Rican Government.

\*Estimated.

million pounds; up 12 million from a year earlier. Tobacco from the Philippines and Paraguay accounted for most of the gain.

Foreign-grown tobacco stocks in the  
United States, 1968-70

Country of origin	July 1 --		
	1968	1969	1970
	Million pounds		
Philippines	36.9	41.9	43.1
Dominican Republic	19.4	12.3	12.2
Brazil	10.2	9.0	10.4
Paraguay	1.9	4.2	9.5
Colombia	11.4	10.2	9.1
Indonesia	3.7	3.3	2.3
Tuba	2.5	1.5	1.0
Others	11.8	10.8	17.1
Total*	97.9	93.2	104.8

\*Based on unrounded data.

Cigar Binder Disappearance Off

Cigar binder disappearance for October 1969-June 1970 was 15 million pounds, down about 6 million. Both Connecticut Valley (types 51-52) and Wisconsin tobaccos (types 54-55) showed declines. The major outlet for Wisconsin tobacco is chewing tobacco; production remained stable for most of the 1960's and then gained in the past 3 years.

The 1969/70 disappearance of Connecticut Valley binder tobacco is estimated about 1 million pounds below the 5 million of the previous season. Most of the decline is in domestic use, in part due to the falling supply. Carry-over on October 1, 1970, is expected to drop to a new low--some 1-1/2 million pounds under the 9 million of a year earlier.

During the first 10 months of the current marketing year, exports of Connecticut Valley binder held their own at about 0.3 million pounds. Exports to West Germany and Canary Islands were near the previous season's low level.

The 1969/70 disappearance of Wisconsin tobacco will fall some 6 million pounds from the 11-year high in 1968/69. This would still substantially exceed last season's production, leaving stocks at a record low--some 4 million pounds below the 40 million of October 1, 1969.

During the first 10 months of the current marketing year, exports of Wisconsin tobacco were 215,000 pounds--all to Spain--compared with 349,000 to all destinations a year earlier. Spain maintained its level of takings. None went to the Netherlands or the Canary Islands so far this year.

Cigar Wrapper Disappearance Falters

Disappearance of shade-grown cigar wrapper (types 61-62) in the year ended June 30 was 14.2 million pounds, about 6 million below a year earlier. Both domestic use and exports were down for both Connecticut Valley and Georgia-Florida types. Production has trended downward since 1965 and grower prices have trended sharply upward, reflecting the spiraling production costs. Even though cigar production gained 5-1/2 percent during 1969/70, manufactured wrapper output has been expanding, trimming the market for natural wrapper.

For both Connecticut Valley and Georgia-Florida cigar wrapper, the leading destinations of West Germany, the Canary Islands, Canada, the United Kingdom, and South Vietnam all decreased their takings in 1969/70. Even though the unit value of U.S. wrapper exports has declined, foreign buyers apparently obtain their requirements from lower priced or lower grade leaf produced elsewhere.



Supplies to Decline

Supplies of U.S. and Puerto Rican cigar tobacco will decline from 1969/70, continuing the postwar trend. October 1, 1970, carryover is down and prospective production is lower. Most of the decline is in cigar filler supplies, but binder and wrapper supplies are also lower.

September 1969-August 1970 sales from Government loan stocks were sharply lower than a year earlier, and loan receipts were also lower. By August 31, Government loan stocks of cigar tobacco slightly exceeded last year's low level.

Cigar tobacco loan stocks, 1968-70

Type	End of August		
	1968	1969	1970
	<u>Million pounds</u>		
Ohio,			
types 42-44	0.4	0.1	0
Puerto Rican,			
type 46	1.7	1.2	5.6
Conn. Valley,			
types 51-52	1.4	1.3	2.2
Southern Wis.,			
type 54	.2	.1	0
Northern Wis.,			
type 55	5.2	3.6	0
Total	8.9	6.3	7.8

Filler: Pennsylvania filler acreage is down an estimated 5 percent from 1969. As of September 1, the crop was indicated at 34.7 million pounds--8 percent below 1969. This would be the smallest crop since the 1930's and only two-thirds the 1960-64 average. The new crop plus the reduced carryover will provide a supply about 6 percent below the 143 million pounds

of the past season and the least since the mid-1930's.

Ohio filler acreage is estimated to be slightly higher than the record low of last year due to the reassignment of some allotments. As of September 1, the crop was expected to be about 3.2 million pounds, or about 12 percent above last year. The crop plus the lower carryover will provide a total supply for 1969/70 about 1 million pounds below last year and the smallest on record.

The carryover of Puerto Rican Filler on October 1 is estimated about 7 million pounds below a year earlier and probably a new low. For 1970/71, the Puerto Rican Government has announced a quota of 22-1/2 million pounds--about 4 times the record-low harvest early this year. Acreage has been declining since 1964, so production has been considerably below the announced quota for the past several seasons even though the Commonwealth Government pays growers a subsidy of 11 cents per pound. The 1970/71 supply seems likely to fall some 8 million pounds to another record low.

Binder: Cigar binder acreage in Connecticut Valley is estimated about 6 percent smaller than last year, although for most farms this year's acreage allotments were increased 15 percent. As of September 1, production was indicated at 2.7 million pounds, 15 percent above last year when yields were down. But carryovers of both Broadleaf and Havana Seed are probably at new lows. For both types, supplies will be lowest on record, totaling 1 million pounds below 1969/70.

Acreage of both Southern Wisconsin and Northern Wisconsin types are estimated above last year because some growers released their acreage allotments to growers who wished to increase their production. As of September 1, Wisconsin production was indicated at 15.8 million pounds, 2.7 million above last year's

35-year low. Much of the crop has already been purchased for 47-50 cents per pound. Carryover is estimated about 4 million pounds below a year ago. So supply of both types may be down only 1 million in total from 1969/70.

Wrapper: Indicated acreage of Connecticut Valley wrapper this year is 5 percent below 1969. This is not as sharp a drop as last year, but labor shortage is still a problem. As of September 1, production was indicated at 8 million pounds--about the same as last year's level. Carryover on July 1 at 12 million pounds was near the 12-year low of 1969. The supply of

Connecticut Valley wrapper at 20 million pounds is about the same as last year's, which was the smallest since 1956.

Acreage of Georgia-Florida wrapper is estimated to be down 29 percent to a 26-year low as manufacturers reduce supplies to a lower level of use. As of September 1, production was as indicated 5.6 million pounds, 2.2 million below last year. Carryover on July 1, at 9.2 million pounds, was up 1.7 million from a year earlier. The supply, at 14-1/2 million pounds, is about 1 million below 1969/70 and the lowest since 1958.

## TOBACCO USED FOR CIGARETTES

Cigarette manufacturers used an estimated 1,133 million pounds of tobacco (unstemmed processing weight) in cigarettes in 1969. This was 6 percent less than the year before. Use of both domestic and imported tobaccos declined (table 20). This year manufacturers will again probably use slightly less of both kinds of tobacco, continuing the downtrend in leaf used per cigarette. Most of the decline in leaf last year was due to lower cigarette output.

Flue-cured tobacco accounts for about half the tobacco used in cigarettes, with burley, Maryland, and imported tobaccos accounting for the rest. Since the early 1950's the proportions of flue-cured declined while other kinds increased. But last year the burley share declined while Maryland gained sharply.

Manufacturers used an estimated 2.03 pounds of tobacco (unstemmed weight) per 1,000 cigarettes produced in 1969, 2 percent less than a year earlier. Since the early 1950's manufacturers have reduced leaf per cigarette by one-fourth, in part due to pressures from higher cost per pound of leaf and higher nontobacco costs.

Major tobacco reducing measures are: (1) Shift to filter tipped cigarettes; (2) lengthened cigarette filters; (3) increased use of sheet tobacco and stems, and (4) reduction in the circumferences. Most filter brands, until the introduction of 100 millimeter lengths, had a shorter tobacco column than most nonfilter brands.

Table 20.--Estimated leaf used for cigarettes by kinds of tobacco, 1950-69

Year	Farm-sales weight				Unstemmed-processing weight				
	Flue-cured	Burley	Maryland	Total domestic	Flue-cured	Burley	Maryland	Imported	Total
<u>Million pounds</u>									
Average:									
1950-54	736	421	23	1,180	651	373	22	73	1,119
1955-59	701	417	20	1,138	622	371	19	92	1,104
1960	731	437	16	1,184	651	389	16	116	1,172
1961	758	453	16	1,227	674	403	16	125	1,218
1962	745	462	16	1,223	663	411	16	126	1,216
1963	752	467	16	1,235	670	416	16	127	1,229
1964	725	455	15	1,195	645	405	15	121	1,186
1965	723	485	17	1,225	643	433	17	132	1,225
1966	686	487	19	1,192	613	435	19	135	1,202
1967	658	483	19	1,160	587	432	19	154	1,192
1968	652	482	18	1,152	582	430	18	171	1,201
1969	614	444	31	1,089	548	397	31	157	1,133
<u>Per 1,000 cigarettes</u>									
<u>Pounds</u>									
Average:									
1950-54	1.776	1.016	.057	2.849	1.571	.899	.053	.177	2.700
1955-59	1.570	.936	.045	2.551	1.394	.832	.042	.205	2.473
1960	1.442	.862	.032	2.336	1.284	.767	.032	.229	2.312
1961	1.435	.857	.030	2.322	1.276	.763	.030	.237	2.306
1962	1.391	.863	.030	2.284	1.238	.768	.030	.235	2.271
1963	1.366	.848	.029	2.243	1.217	.756	.029	.231	2.232
1964	1.343	.842	.028	2.213	1.195	.750	.028	.224	2.197
1965	1.298	.871	.031	2.200	1.155	.778	.030	.237	2.200
1966	1.209	.858	.033	2.101	1.081	.767	.033	.238	2.119
1967	1.142	.838	.033	2.013	1.019	.750	.033	.267	2.069
1968	1.125	.832	.031	1.988	1.004	.742	.031	.295	2.072
1969	1.101	.796	.056	1.953	.983	.712	.055	.282	2.032
<u>Percentage distribution</u>									
<u>Percent</u>									
Average:									
1950-54	62.4	35.6	2.0	100.0	58.2	33.2	2.0	6.6	100.0
1955-59	61.6	36.7	1.7	100.0	56.3	33.6	1.8	8.3	100.0
1960	61.7	36.9	1.4	100.0	55.5	33.2	1.4	9.9	100.0
1961	61.8	36.9	1.3	100.0	55.3	33.1	1.3	10.3	100.0
1962	60.9	37.8	1.3	100.0	54.5	33.8	1.3	10.4	100.0
1963	60.9	37.8	1.3	100.0	54.5	33.9	1.3	10.3	100.0
1964	60.7	38.0	1.3	100.0	54.4	34.1	1.3	10.2	100.0
1965	59.0	39.6	1.4	100.0	52.5	35.3	1.4	10.8	100.0
1966	57.6	40.8	1.6	100.0	51.0	36.2	1.6	11.2	100.0
1967	56.8	41.6	1.6	100.0	49.3	36.0	1.6	12.9	100.0
1968	56.6	41.8	1.6	100.0	48.5	36.0	1.5	14.2	100.0
1969	56.4	40.8	2.8	100.0	48.4	35.0	2.7	13.9	100.0

Table 21.--Tobacco: Commodity Credit Corporation price support loans and programs operations, 1950-70

Year ending June 30	New loans made	Repayments	Loans canceled <u>1/</u>	Charged off	Loans outstanding		
					Additions (deductions)	End of year	
						Value	Quantity
							Million pounds
----- Million dollars -----							
1950	68.9	77.2	0.8	0.1	(9.2)	125.5	311
1951	80.1	91.2	0	.2	(11.3)	114.2	247
1952	129.8	48.4	.4	1.1	79.9	194.1	380
1953	161.9	133.6	1.0	2.9	24.5	218.6	496
1954	118.4	81.6	.1	1.1	35.6	254.2	586
1955	203.5	54.8	0	.4	148.4	402.6	797
1956	249.1	122.9	0	1.0	125.2	527.8	867
1957	199.8	149.4	0	.8	49.7	577.5	946
1958	82.9	77.3	11.1	5.1	(10.6)	566.9	901
1959	106.2	89.0	1.0	2.9	13.3	580.2	892
1960	56.2	198.8	18.7	1.2	162.5	417.7	668
1961	50.4	54.0	25.0	1.2	(29.8)	387.9	610
1962	70.2	102.3	41.5	9.7	(83.2)	304.7	451
1963	209.1	44.1	15.8	16.4	132.7	437.4	610
1964	304.9	52.4	10.8	12.2	229.5	666.9	942
1965	262.4	73.4	28.4	1.1	159.4	826.3	1,149
1966	96.9	92.1	68.6	1.3	(65.1)	761.1	1,018
1967	111.3	154.4	31.6	7.6	(82.3)	678.8	921
1968	246.1	158.8	8.3	1.8	77.2	756.0	1,035
1969	137.8	113.2	14.5	4.9	5.1	761.1	1,049
1970	217.5	127.8	4.9	.7	84.2	845.3	1,112
Loan and program operations					Public Law 480		Total
Loan and other chargeoffs		Export payments	Sales of foreign currencies		Credit sales for dollars	cost	
<u>2/</u>							
----- Million dollars -----							
1962	9.3	0		19.9	0	29.2	
1963	16.1	0		23.3	1.6	31.0	
1964	11.5	0		24.4	2.9	38.8	
1965	.4	0		15.4	4.7	20.4	
1966	.3	<u>3/</u>		30.1	1.1	31.4	
1967	7.6	33.1		16.7	4.5	61.9	
1968	1.8	28.4		22.5	8.7	61.3	
1969	4.9	27.9		18.3	13.0	64.1	
1970	1.1	29.5		8.3	14.2	<u>4/99.9</u>	

1/ Barter for commodities and services.

2/ Recovery of costs for Public Law 480 and short term credit sales not available.

3/ Less than \$50,000.

4/ Includes \$46.8 million for financing short term credit sales.

Compiled from Commodity Credit Corporation, Report of Financial Conditions and Operations, various issues.



Table 22.--Tobacco: Acreage and yield per acre in the United States, by types, or groups of types, for specified periods

Period	Flue- cured 11-14	Burley 31	Maryland 32	Va. 21	Ky.-Tenn. 22-23	Dark : Va. air- cured : 35-36 : 37	Cigar					Total 1/ 2		
							Filler			Binder			Wrapper 61-62	
							41	42-44 : 46		51-52	54-55			
								acres						
Thousand														
Pounds														
Average:														
1950-54														
	1,048.8	433.7	49.6	9.9	40.0	23.1	3.6	30.2	5.5	37.9	15.7	16.5	13.1	1,728.1
1955	990.7	310.6	47.0	9.1	39.1	20.0	4.2	29.5	4.4	36.1	13.4	14.3	12.9	1,531.5
1956	875.3	309.8	43.5	8.5	38.5	19.3	3.1	29.0	3.9	26.3	7.2	11.8	13.3	1,389.8
1957	662.7	306.6	37.0	6.9	29.7	14.5	2.6	29.0	3.6	26.5	4.3	11.6	13.1	1,148.3
1958	639.4	297.1	34.0	6.8	24.3	12.7	1.6	30.0	3.0	24.2	2.9	13.0	12.9	1,102.1
1959	693.4	301.0	40.0	7.6	27.6	13.2	2.1	31.0	3.9	26.3	4.5	14.4	14.0	1,179.1
1960	691.8	295.9	37.5	7.3	25.9	13.0	1.8	31.0	4.3	28.5	3.8	14.6	14.6	1,170.0
1961	698.5	318.9	40.0	7.5	27.9	13.5	2.1	31.0	4.6	27.0	2.9	13.7	13.4	1,201.4
1962	729.8	338.6	41.0	7.6	28.5	13.9	2.2	30.0	4.2	28.5	2.6	12.1	13.2	1,252.6
1963	694.5	338.5	34.5	6.6	27.7	13.8	1.5	28.0	3.9	30.0	2.8	10.7	12.9	1,205.7
1964	627.6	306.6	39.0	7.3	24.8	12.4	1.7	27.0	3.7	30.8	2.8	10.9	13.8	1,108.6
1965	562.3	277.1	33.5	7.6	23.2	11.3	1.8	27.0	3.7	17.0	2.6	10.9	15.6	993.9
1966	607.0	240.7	35.0	6.0	21.0	10.7	1.4	23.0	3.2	9.0	1.8	9.3	14.6	982.9
1967	610.3	237.7	31.5	5.4	17.3	9.5	1.2	21.0	2.3	7.6	1.5	8.3	13.6	967.4
1968	533.0	237.6	30.0	4.9	17.9	9.8	1.1	21.0	2.0	6.0	1.6	7.7	13.4	886.2
1969	576.8	237.7	30.0	5.0	19.0	10.1	1.1	20.0	1.7	2/4.5	1.6	7.4	11.2	926.4
1970 2/	582.6	219.2	28.0	5.3	19.0	9.2	1.0	19.0	1.8	3/4.0	1.5	8.3	9.5	908.6
Average:														
1950-54														
	1,271	1,382	833	1,178	1,145	1,191	1,011	1,572	1,506	824	1,711	1,459	1,164	1,281
1955	1,497	1,513	670	1,155	1,399	1,391	775	1,550	1,700	831	1,643	1,469	1,213	1,451
1956	1,625	1,635	840	1,260	1,555	1,592	1,030	1,670	1,625	913	1,849	1,712	1,290	1,583
1957	1,471	1,592	1,040	1,245	1,411	1,367	1,030	1,420	1,270	1,008	1,940	1,709	1,442	1,475
1958	1,691	1,567	915	1,385	1,393	1,269	1,170	1,700	835	1,058	1,867	1,682	1,283	1,599
1959	1,559	1,669	780	1,320	1,560	1,466	1,040	1,725	1,770	1,068	1,712	1,449	1,325	1,547
1960	1,808	1,639	925	1,220	1,411	1,403	995	1,700	1,535	965	1,826	1,431	1,460	1,685
1961	1,801	1,820	970	1,300	1,552	1,525	1,045	1,725	1,665	1,137	1,856	1,640	1,429	1,741
1962	1,930	1,993	990	1,255	1,566	1,619	1,040	2,000	1,775	1,249	2,014	1,621	1,464	1,876
1963	1,975	2,231	1,000	940	1,795	1,751	760	1,850	1,740	1,067	2,093	1,680	1,449	1,970
1964	2,211	2,022	1,085	1,245	1,854	1,828	1,060	1,700	1,555	1,231	2,021	1,821	1,530	2,044
1965	1,883	2,116	1,150	1,260	1,574	1,639	1,105	1,900	1,465	951	1,910	1,765	1,468	1,882
1966	1,825	2,437	1,030	1,255	1,919	1,987	1,055	1,675	1,885	1,338	2,111	1,744	1,440	1,932
1967	2,070	2,274	1,030	1,290	1,702	1,629	1,090	1,825	1,580	1,419	1,819	1,943	1,292	2,045
1968	1,841	2,372	1,065	1,205	1,822	1,831	1,095	1,775	1,670	1,282	1,808	1,824	1,343	1,939
1969	1,825	2,488	1,020	1,340	1,797	1,793	1,225	1,875	1,650	2/1,300	1,482	1,748	1,411	1,956
1970 2/	1,953	2,519	1,070	1,300	1,830	1,865	1,100	1,825	1,750	3/1,300	1,817	1,900	1,452	2,042
1/ Total includes Perique--type 72--and in 1950-53, type 53. 2/ Preliminary. 3/ Projected.														

Table 23.--Cash receipts from tobacco as percentage of cash receipts from crops and all farm commodities, by States, 1968 and 1969

State	1968				1969 <sup>1/</sup>			
	Tobacco as:		Tobacco as:		Tobacco as:		Tobacco as:	
	Tobacco	Percent- age of crops	Percentage of all farm commodities	Million dollars	Tobacco	Percent- age of crops	Percentage of all farm commodities	Million dollars
				-----				-----
				Percent				Percent
				-----				-----
North Carolina	444	59.8	33.8	516	63.5	36.7		
Kentucky	282	73.8	32.3	301	75.6	34.0		
South Carolina	81	35.1	18.9	99	42.1	24.8		
Georgia	77	18.6	6.8	76	18.7	6.6		
Virginia	76	32.8	14.0	93	37.5	16.1		
Tennessee	82	33.6	12.0	78	30.1	11.6		
Florida	30	3.4	2.4	32	3.3	2.4		
Connecticut	25	39.7	15.7	22	40.3	13.3		
Maryland	20	18.0	5.6	23	18.5	5.8		
Ohio	13	2.3	.9	14	2.9	1.1		
Indiana	10	1.6	.7	10	1.5	.7		
Massachusetts	9	12.3	5.6	9	12.1	5.4		
Pennsylvania	11	4.5	1.2	11	4.6	1.1		
Wisconsin	6	2.8	.4	5	2.4	.3		
Missouri	4	.9	.3	3	.7	.2		
West Virginia	2	8.0	1.9	2	7.7	1.9		
United States <sup>2/</sup>	1,173	6.3	2.6	1,296	6.9	2.7		

<sup>1/</sup> Subject to revision.<sup>2/</sup> U.S. total receipts from tobacco include relatively small receipts for a few States not shown separately.

Detail may not add to total due to rounding.

Table 24.--Total expenditures for tobacco products, 1950-69

Year	Total	Cigarettes	Cigars	Other <u>1/</u>	Year	Total	Cigarettes	Cigars	Other <u>1/</u>
		Million dollars					Million dollars		
1950	4,392	3,586	514	292	1960	7,187	6,244	649	294
1951	4,685	3,876	526	283	1961	7,472	6,538	631	303
1952	5,073	4,246	545	282	1962	7,608	6,675	634	299
1953	5,264	4,436	560	268	1963	8,004	7,055	649	300
1954	5,104	4,292	552	260	1964	8,113	7,024	765	324
1955	5,217	4,409	550	258	1965	8,651	7,609	734	308
1956	5,481	4,681	556	244	1966	9,140	8,113	718	309
1957	5,877	5,072	562	243	1967	9,582	7,572	706	304
1958	6,182	5,341	584	257	1968	10,112	9,094	703	315
1959	6,764	5,854	629	281	1969 <u>3/</u>	10,444	9,404	701	339

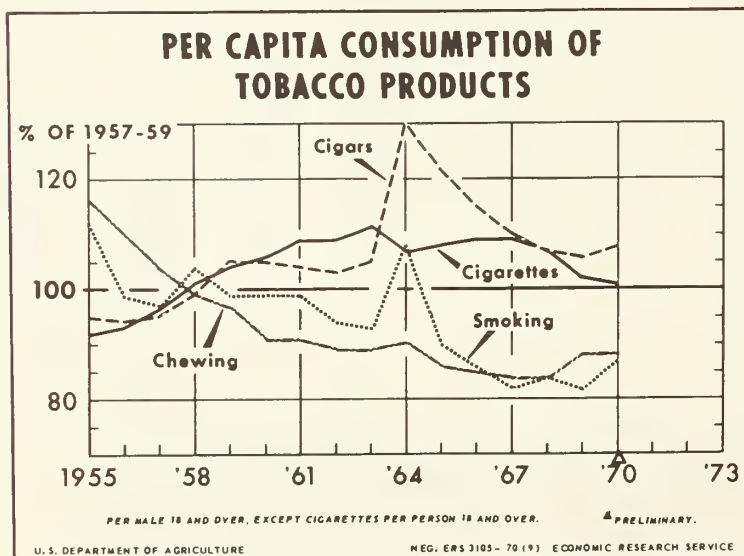
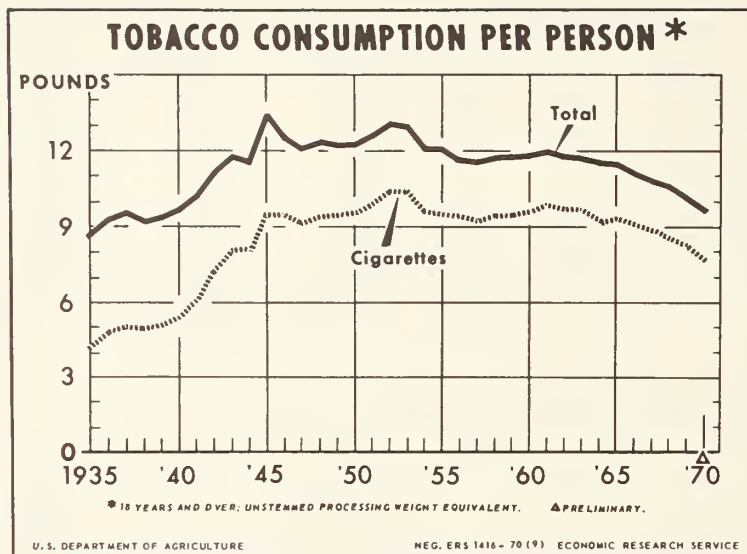
1/ Smoking, chewing, and snuff. 2/ Revised. 3/ Subject to revision.

Table 25.--Federal, State, and local tax revenues from tobacco products for specified periods

Fiscal year	Federal				State	Total	Local	Total
	Cigarettes	Cigars	Chewing,	Total	All	Federal	Governments	Federal, State,
	<u>1/</u>	<u>2/</u>	smoking,	<u>3/</u>	tobacco	and		and local
			and snuff		products	State		Governments
					Million dollars			
Average:								
1950-54	1,422	45	30	1,497	455	1,942		
1955-59	1,614	47	18	1,680	566	2,246	48	2,294
1960	1,864	50	17	1,932	923	2,855	65	2,920
1961	1,924	50	17	1,991	1,001	2,992	76	3,068
1962	1,957	50	17	2,026	1,075	3,101	72	3,173
1963	2,011	50	16	2,079	1,124	3,203	64	3,267
1964	1,977	56	17	2,053	1,196	3,249	84	3,333
1965	2,070	61	17	2,149	1,284	3,433	102	3,535
1966	2,006	58	9	2,074	1,541	3,615	105	3,720
1967	2,023	56	<u>4/</u>	2,080	1,615	3,695	116	3,811
1968	2,066	55	<u>4/</u>	2,122	1,886	4,008	100	4,108
1969	2,082	54	<u>4/</u>	2,138	2,056	4,194	97	4,291
1970	2,036	57	<u>4/</u>	2,094	<u>5/</u> 2,320	4,414	<u>5/</u> 100	4,514

1/ Includes large cigarettes. 2/ Includes small cigars and amounts on cigars from Puerto Rico covered into the Treasury of Puerto Rico. 3/ Includes cigarette paper and tubes, floor taxes, penalties, etc. 4/ Federal excise tax on chewing, smoking, and snuff repealed effective January 1, 1966. 5/ Estimated.

Compiled from reports of the Internal Revenue Service and the Bureau of the Census.





## STATISTICAL SUMMARY

Item	Unit or base period	1969		1970			Last data as percentage of a year earlier
		July	August	June	July	August	
Average price at auctions							
Flue-cured	Ct. per lb.	72.0	73.8	Closed	73.0	74.3	101
Burley	Ct. per lb.	C - 1 - o - s - e - d		C - 1 - o - s - e - d			---
Maryland	Ct. per lb.	C - 1 - o - s - e - d		74.5	C - 1 - o - s - e - d		---
Virginia fire-cured	Ct. per lb.	C - 1 - o - s - e - d		C - 1 - o - s - e - d			---
Ky.-Tenn. fire-cured	Ct. per lb.	C - 1 - o - s - e - d		C - 1 - o - s - e - d			---
Ky.-Tenn. dark air-cured	Ct. per lb.	C - 1 - o - s - e - d		C - 1 - o - s - e - d			---
Virginia sun-cured	Ct. per lb.	C - 1 - o - s - e - d		C - 1 - o - s - e - d			---
Support price 1/							
Flue-cured	Ct. per lb.	63.8			66.6		104
Burley	Ct. per lb.	65.8			68.6		104
Maryland	Ct. per lb.	No support			No support		---
Virginia fire-cured	Ct. per lb.	44.6			46.6		104
Ky.-Tenn. fire-cured	Ct. per lb.	44.6			46.6		104
Ky.-Tenn. dark air-cured	Ct. per lb.	39.7			41.4		104
Virginia sun-cured	Ct. per lb.	39.7			41.4		104
Connecticut Valley							
cigar binder	Ct. per lb.	45.5			47.5		104
Wis. binder and Ohio filler	Ct. per lb.	32.9			34.3		104
Puerto Rican filler	Ct. per lb.	34.2			35.6		104
Parity index 2/	1910-14=100	374	374	390	389	389	104
Industrial production index 3/	1957-59=100	175	174	169	169	169	97
Employment	Mil.	79.6	79.6	79.4	80.3	84.1	106
Personal income 4/	Bil. dol.	752.7	758.5	798.2	803.3	807.4	106

See footnotes at end of table.

Continued--

## STATISTICAL SUMMARY -- CONTINUED

Item	Unit or base period	1969		1970			Last data as percentage of a year earlier
		June	July	May	June	July	
Exports of leaf tobacco							
(farm-sales weight)							
Flue-cured	Mil. lb.	51.2	38.6	36.8	32.5	32.8	85
Burley	Mil. lb.	5.7	7.2	5.4	9.3	3.5	49
Maryland	Mil. lb.	1.3	.4	.9	.9	1.3	325
Virginia fire- & sun-cured	Mil. lb.	.5	.1	1.2	.8	.2	200
Ky.-Tenn. fire-cured	Mil. lb.	1.8	1.4	.5	3.6	.7	50
Ky.-Tenn. dark air-cured	Mil. lb.	.2	.1	.1	.2	*	---
Black Fat	Mil. lb.	.1	.2	.2	.2	.2	100
Cigar wrapper	Mil. lb.	.2	.1	.1	.3	.1	100
Connecticut binder	Mil. lb.	*	*	0	*	*	---
Wisconsin binder	Mil. lb.	.2	*	*	0	0	---
Accumulated from beginning of marketing year <u>8/</u>							
Flue-cured	Mil. lb.	525.3		502.2	534.6		102
Burley	Mil. lb.	38.1	45.3	37.5	46.7	50.2	111
Maryland	Mil. lb.	8.5	8.8	8.1	9.0	10.3	117
Virginia fire- & sun-cured	Mil. lb.	3.3	3.4	3.6	4.5	4.7	138
Ky.-Tenn. fire-cured	Mil. lb.	12.9	14.3	14.9	18.5	19.3	135
Ky.-Tenn. dark air-cured	Mil. lb.	1.3	1.4	.7	.9	.9	64
Black Fat	Mil. lb.	.8	1.0	1.5	1.8	1.9	190
Cigar wrapper	Mil. lb.	3.9		1.5	1.9		49
Connecticut binder	Mil. lb.	.3	.3	.3	.3	.3	100
Wisconsin binder	Mil. lb.	.3	.3	.2	.2	.2	67
Cigar filler	Mil. lb.	.8	.8	.4	.4	.4	50
Exports of manufactured tobacco in bulk	Mil. lb.	2.9	1.2	1.9	1.4	1.8	150
Accumulated from Jan. 1	Mil. lb.	8.7	9.9	7.0	8.4	10.2	103
Quarterly data							
1969							
1970							
Apr.-June: July-Sept.:							
Stocks of tobacco--1st of quarter <u>2/</u>							
Domestic types							
(farm-sales weight)							
Flue-cured	Mil. lb.	2,388	2,100	2,223	1,969		94
Burley	Mil. lb.	1,608	1,463	1,631	1,496		102
Maryland	Mil. lb.	70	84	54	70		83
Fire-cured	Mil. lb.	106	92	96	84		91
Dark air- and sun-cured	Mil. lb.	73	67	69	62		93
Cigar filler	Mil. lb.	166	158	152	143		91
Cigar binder	Mil. lb.	62	56	54	49		88
Cigar wrapper	Mil. lb.	25	20	25	21		105
Under Government loan <u>10/</u>	Mil. lb.	1,247	1,183	1,277	**1,250		106
Tobacco sheet <u>11/</u>							
Cigarette types	Mil. lb.	23.4	24.4	34.2	33.2		136
Cigar types	Mil. lb.	2.3	2.6	1.9	1.9		73
Foreign types (farm-sales weight)							
Cigarette and smoking	Mil. lb.	408	451	426	428		95
Cigar	Mil. lb.	94	93	102	105		113
Tobacco outlets <u>12/</u>							
Seasonally adjusted data, annual rates, for charts, p.2							
Cigarettes							
Production	Bil.	559	554	583	565		102
Taxable removals	Bil.	509	508	526	512		101
Cigar production	Bil.	7.93	8.01	8.01	8.09		101
Smoking production	Mil. lb.	63.0	63.8	70.6	65.0		102
Chewing production							
Scrap	Mil. lb.	39.2	41.0	40.6	41.0		100
Plug and other	Mil. lb.	28.4	31.1	29.6	30.7		99
Snuff production	Mil. lb.	29.2	26.3	25.7	26.4		100
Exports of leaf							
Total	Mil. lb.	805	630	600	655		104
Flue-cured	Mil. lb.	627	531	435	610		115

1/1969 and 1970 crops respectively. 2/Prices paid by farmers including interest, taxes and wage rates. 3/Seasonally adjusted. 4/Seasonally adjusted, annual rate. 5/Excise tax excluded. 6/Federal and applicable State and local taxes included. 7/Farm-sales weight equivalent. 8/July 1 for flue-cured and cigar wrapper and October 1 for others. 9/Holdings of manufacturers and dealers including grower cooperatives. 10/Reported by grower cooperatives. 11/Weight of tobacco leaf not including stems added. 12/Data for most recent quarter are preliminary estimates. \*Less than 50,000 pounds. \*\*Of this quantity, approximately 56 million pounds had been sold. Detail may not add to total due to rounding.

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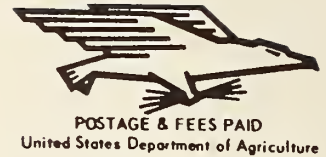
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